

Land Transport New Zealand Statement of intent *2006-2009*

This Statement of intent sets out a philosophy and course of action for the next three years that will contribute to the delivery of the government's land transport objectives and wider transport vision.



Statement of intent 2006–2009

More information...

Land Transport New Zealand
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Jacques Desclotres, MODIS Rapid Response Team, NASA/GSFC

PREFACE

Land transport is an essential element of sustainable development in New Zealand. Land transport encompasses infrastructure and services; land use and urban form, licences, rules and enforcement, and charges and revenue. It also encompasses vehicles, commercial operations, private use, education and information for users.

Land Transport New Zealand facilitates each of these components through its functions. Every person or organisation wishing to develop, operate or participate in land transport has regular transactions with Land Transport New Zealand (Land Transport NZ). The government of New Zealand entrusts Land Transport NZ to implement its policies through its funding, regulatory and promotional functions.

The work of Land Transport NZ is guided by the *New Zealand Transport Strategy* (NZTS) and is enabled primarily through the *Land Transport Management Act 2003* and the *Land Transport Act 1998*.

Land Transport NZ has developed a strategic plan to improve the organisation and the overall effectiveness of land transport over the next few years. It will be the foundation forward-looking statement for the organisation.

The Land Transport NZ vision is:

Land transport that leads to a better New Zealand

The Land Transport NZ mission is:

We improve land transport for all New Zealanders



Dr Jan Wright
Chair
Land Transport New Zealand



Paul Fitzharris
Deputy Chair
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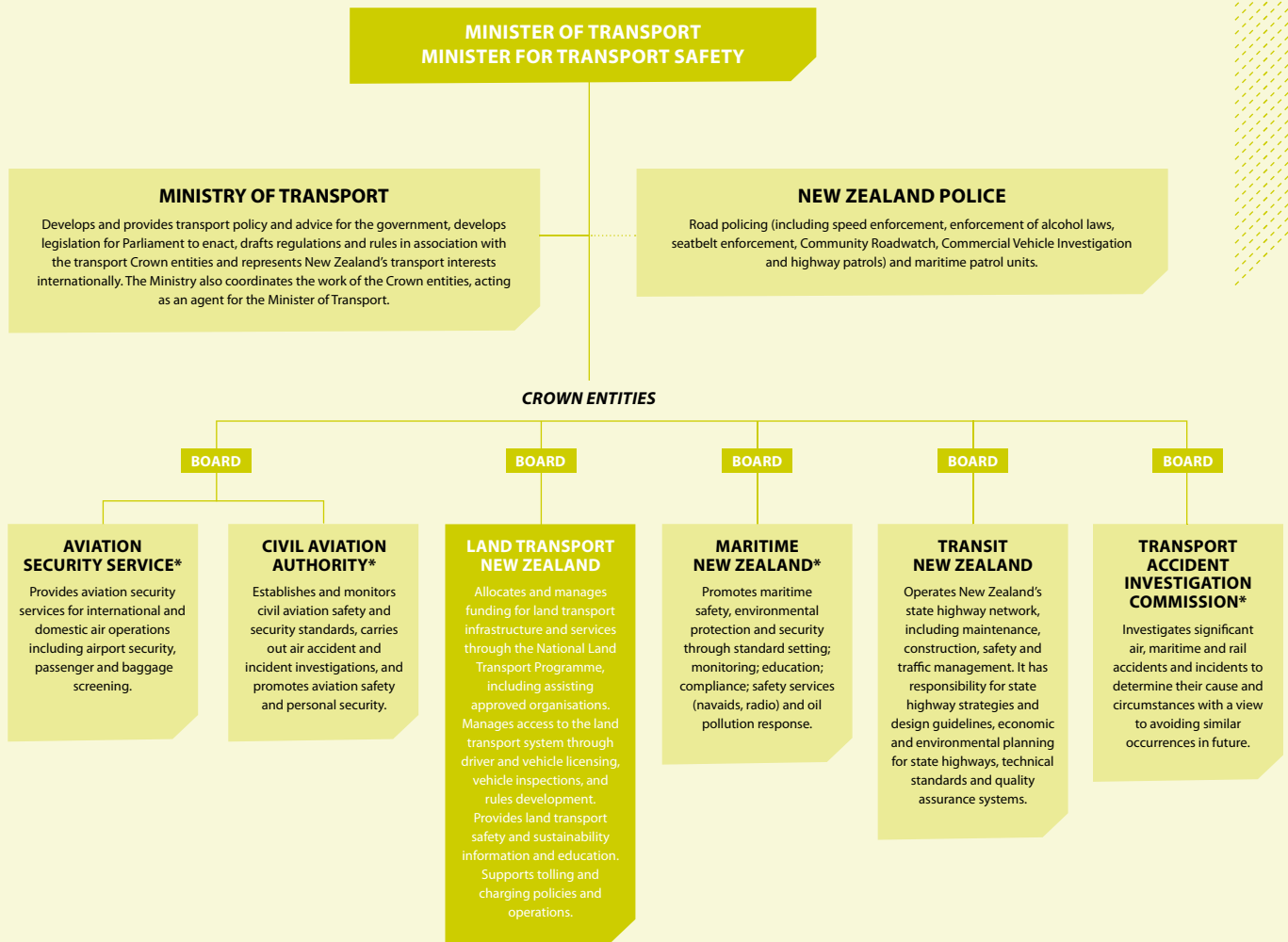


Wayne Donnelly
Chief Executive
Land Transport New Zealand

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THE NEW ZEALAND GOVERNMENT TRANSPORT SECTOR



THREE STATE-OWNED ENTERPRISES WITH TRANSPORT FUNCTIONS

Airways Corporation of New Zealand Limited – Provides air traffic management services and provides the Ministry with Milford Sound/ Piopiotahi Aerodrome landing and take-off data.

Meteorological Service of New Zealand Limited* – Provides public weather forecasting services and provides meteorological information for international air navigation under contract to the CAA.

ONTRACK – Manages Crown railway land and the national rail network. Legislation is currently before Parliament to transform ONTRACK into a Crown Entity, similar to Transit New Zealand.

CROWN ESTABLISHED TRUST

Road Safety Trust – This Crown established trust provides funding for road safety projects and research with revenue received from the sale of personalised vehicle registration plates.

LOCAL GOVERNMENT

The sector works closely with local government. Local authorities own, maintain and develop New Zealand's local road network and perform important regulatory transport functions. Regional councils (and unitary authorities) are required to develop regional land transport strategies that guide the transport decision making of local councils, and also fund public transport and Total Mobility schemes in conjunction with Land Transport New Zealand. In the Auckland region, the Auckland Regional Transport Authority carries out these functions. Some local authorities own seaports and airports, or share ownership with the Crown.

* Denotes an agency the Minister for Transport Safety oversees

1 Who we are

Land Transport NZ's statutory objective is to:

*'Allocate resources and to undertake its functions in a way that contributes to an integrated, safe, responsive, and sustainable land transport system.'*¹

In doing so, we must also exhibit a sense of social and environmental responsibility and operate in a close partnership with key transport sector stakeholders.

Land Transport NZ has 16 statutory functions (see Appendix 1 for details). These functions can be grouped into a number of broad categories:

- > providing registration, licensing and compliance services for our commercial and private customers
- > assisting and funding our land transport sector partners
- > monitoring and informing our partners and stakeholders
- > promoting sustainable and safe land transport to customers, partners, stakeholders and communities
- > assisting and advising government and collecting revenue.

The *Land Transport Management Act 2003* charges Land Transport NZ with the twin responsibilities of promoting land transport sustainability and safe transport on land. In pursuing these responsibilities we will:

- > encourage our partners to develop, maintain and operate land transport in a way that makes land transport more sustainable and more safe, and
- > encourage businesses and people to use land transport in a way that makes land transport more sustainable and more safe.

In carrying out our functions, we contribute to the five objectives of the *New Zealand Transport Strategy*.

- > Assisting economic development.
- > Assisting safety and personal security.
- > Improving access and personal mobility.
- > Protecting and promoting public health.
- > Ensuring environmental sustainability.

¹ The land transport system comprises all local roads and state highways, rail, ferries, and coastal shipping. (Note: Land Transport NZ does not regulate maritime safety. This is the role of Maritime New Zealand.)

Land Transport NZ also supports the *New Zealand Transport Strategy* by encouraging the governance, management and funding of the land transport system to be:

- > forward-looking
- > collaborative
- > accountable
- > evidence-based.

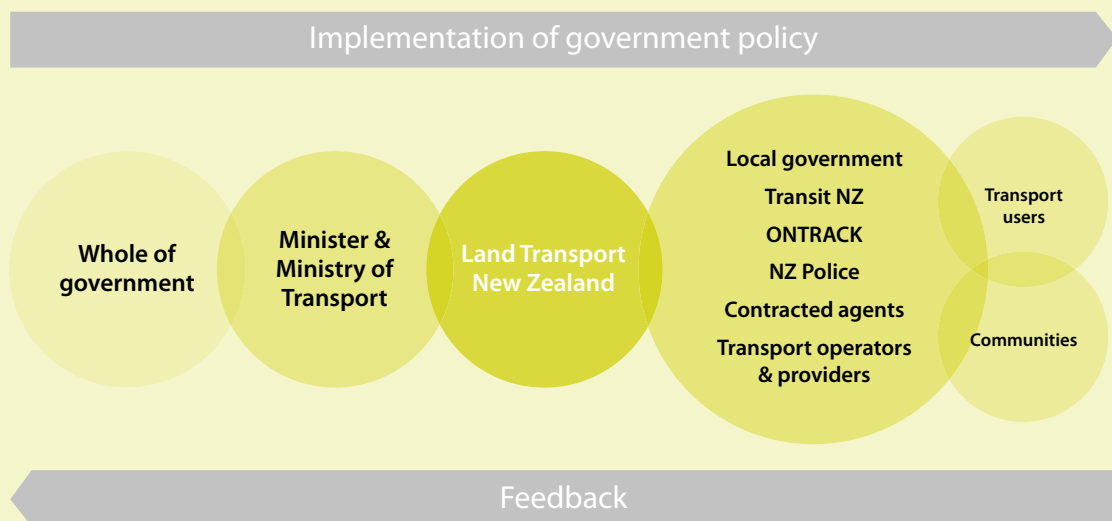
The Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi is recognised in specific provisions in the *Land Transport Management Act 2003* that govern our practices with respect to Māori.

Land Transport NZ's role in the transport sector

Land Transport NZ is a Crown entity governed by a Board appointed by the Minister of Transport.

Land Transport NZ provides a vital connection between transport policy-making and the operation of the transport sector. Close working relationships are maintained with the Ministry of Transport, which is responsible for leading the development of strategic transport policy; the NZ Police, which enforces and promotes safety regulations; and with 'approved organisations' including Transit New Zealand (Transit), regional councils and territorial local authorities, which are responsible for implementing transport projects and other activities. We also have direct links to the public, who use and interact with land transport.

FIGURE 1 | Land Transport NZ's role in the transport sector



2 Vision, mission and values

VISION

Land transport is a means to the economic, social and environmental well-being of New Zealand. Land Transport NZ's vision for land transport accordingly is:

Land transport that leads to a better New Zealand

MISSION

The mission describes the business of Land Transport NZ. It needs to span activities focused on government policy, those integrated with other transport authorities and those that meet the needs of individual customers. It needs to extend from activities that meet straight-forward service demands to those directed at roles with a wider influence.

The mission for Land Transport NZ drives us to add value to New Zealanders' lives as we carry out our functions.

Land Transport NZ's mission is:

We improve land transport for all New Zealanders

ORGANISATION VALUES

Land Transport NZ's intent is that stakeholders and customers see an organisation that exhibits:

- >> commitment, leadership and integrity
- >> teamwork and partnership
- >> a professional approach
- >> being knowledgeable and informative
- >> staff competence and empowerment
- >> quality service and adding value
- >> effectiveness and efficiency.

3 Our strategic environment

The operating environment

Some of the major developments likely to impact on land transport planning and investment include:

- > international trends in oil supply and demand, and the influence these trends have on energy efficiency, energy affordability, fuel and vehicle choice, and choice of transport mode
- > technological developments, including alternative fuels and hybrid vehicles
- > international agreements relating to global climate change
- > demographic trends, such as an ageing population and regional patterns of growth
- > growth in wealth and associated lifestyle choices (including a desire for increased mobility)
- > a general public preference for private motor vehicles over passenger transport
- > transport logistics, such as movement of freight (especially international shipping patterns)
- > transport-related health issues, such as health impacts of air pollutants and health effects of increasing dependence on motor vehicles
- > transport-related environmental impacts, including emissions, contaminants, noise and waste
- > land use development pressures, such as development patterns and the interaction of urban land use and transport corridors.

In recognition of the importance of the land transport system (in particular the strategic road network) to the successful development of the New Zealand economy and to greater social integration, the government decided in May 2006 to increase the certainty of investment in state highway construction while retaining commitments across other National Land Transport Programme activities. More information on this decision is contained in section 11.

Land transport sustainability and safe transport on land

Land Transport NZ's statutory functions include to 'promote land transport sustainability in New Zealand' and 'promote safe transport on land in New Zealand'.

We interpret the exercise of these functions to be an interactive process with providers and users of the land transport system that result in trends 'understood to be sustainable' and represent safer transport on land. Land Transport NZ accepts that what is 'understood to be sustainable' will need to be reviewed over time.

Land Transport NZ currently recognises that the emergence of the following trends will represent progress towards land transport sustainability and safer transport on land:

- > New urban development patterns reduce the need for people to travel.
- > Urban development and network designs provide a safe and convenient environment for walking, cycling and other mobility options.
- > Business and household expenditure on transport reduces in relative terms.

- > The availability and use of public transport increases.
- > More freight is carried on non-road modes, such as rail and coastal shipping.
- > More people choose to walk, cycle, use public transport and reduce use of cars particularly at congested times.
- > Mean travel speeds continue to decline and fatal and serious injury crashes reduce.
- > People drive in ways that use less fuel and are safe for the conditions.
- > The New Zealand vehicle fleet is more fuel efficient, safer and has improved environmental performance.
- > Vehicles are well maintained and perform closer to new standards for longer.
- > Commercial transport operators adopt management practices that promote safer and more sustainable performance.
- > Businesses select transport operators with high safety and environmental standards.
- > Traffic flows more efficiently on the road network.

Moving towards a future that can be sustained involves many contributions. Bringing about the optimum mix of contributions to sustainable land transport and safe transport on land requires thinking ahead, good judgement and effective partnerships.

The challenge for Land Transport NZ is to create these trends by influencing (through our functions) the choices and actions of our transport partners and users of land transport.

4 Government transport outcomes

Transport sector strategic directions

Following the Transport Sector Review in 2004, the Ministry of Transport has a new focus on strategic transport leadership, providing overall direction and leadership for the transport Crown entities and other relevant agencies. To this end, it is working collaboratively with the Crown entities to develop and deliver an integrated programme of action to achieve the *New Zealand Transport Strategy's* objectives.

The *Transport Sector Strategic Directions* document was released in December 2005. This is the first joint planning exercise undertaken by the government transport sector agencies and identifies nationally important transport priorities to be collectively addressed by these agencies. A major work programme has been established for the next three years, and this will be the focus of activity in 2006–2007.

The *Transport Sector Strategic Directions* document was developed to support the *New Zealand Transport Strategy* and serves as a basis for aligning the collaborative aspects of the government transport sector agencies' work programmes. It is intended to complement the existing work programmes of these agencies and not impinge on their statutory roles. Crown entities and the Ministry will continue to deliver the *New Zealand Transport Strategy's* objectives as they are stipulated in legislation and in their individual work programmes where sector-wide action is not required.

At the transport sector level, New Zealand is moving towards a sustainable, safe, integrated and responsive transport system where there is:

- > increased integration of growth and development with transport
- > increased understanding and meeting of costs
- > improved international and domestic linkages
- > maintenance and improvement of effectiveness
- > improved efficiency
- > increased safety and security
- > improved ability to recover from adverse events
- > increasingly affordable and reliable community access
- > reduced negative impacts in terms of public health
- > reduced use of non-renewable resources
- > reduced negative impacts on the environment.

5 Key results sought

Land Transport NZ functions primarily through partnerships with approved organisations and service delivery agents, and its ability to deliver outcomes depends on factors over which it has only partial control or on others outside of its control. Table 1 shows key results that Land Transport NZ has confidence it can significantly influence.

TABLE 1 | Key results sought by Land Transport NZ

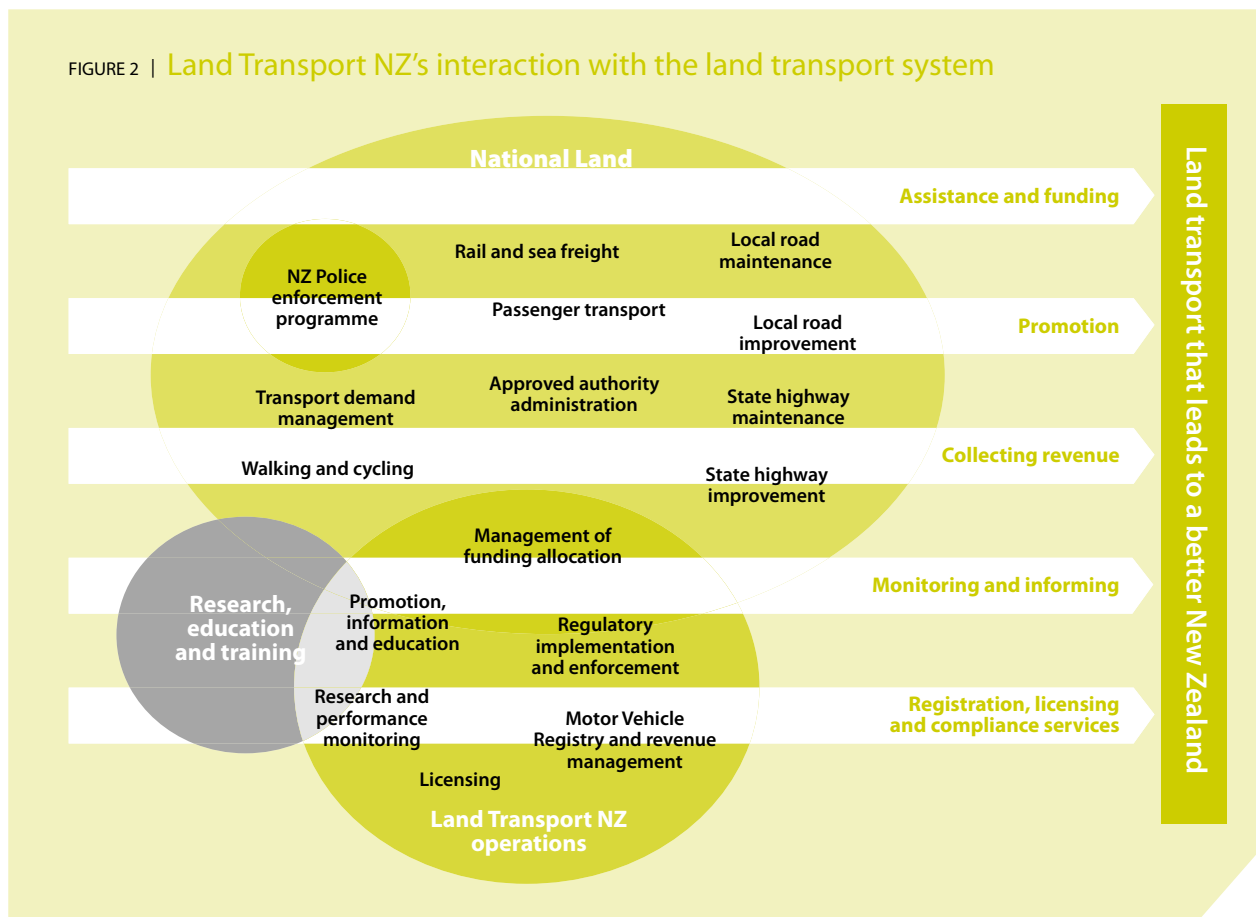
Key result sought	Tools that can be used	Contribution to NZTS objectives				
		Economic	Accessibility	Safety/security	Health	Environment
Goal Use of land transport is safe and sustainable						
Sustainable travel patterns encouraged	Travel behaviour change initiatives	●	●		●	●
Safer use of networks achieved	Information, education, licensing, enforcement					
Environmental and safety standards of vehicle fleet improved	Vehicle standards and inspection	●		●	●	●
Standards of driving and vehicle maintenance improved	Licensing and inspection					
Environmental impacts of transport reduced	Impact assessment, vehicle emissions standards and mitigation activities				●	●
Goal Greater synergy within the land transport sector						
Coordination in developing sustainable revenue streams assisted	Investigation, in cooperation with other key sector players, of tolling, developer contributions, and other revenue options	●	●			
Integration of land and transport planning improved	Assistance and funding support for regional and local authority planning activities					
Sector coordination in delivering sustainable and safe travel patterns increased	Active coordination of efforts to increase safety and sustainability	●	●	●	●	●
Goal Improved performance of land transport networks						
Efficiency and effectiveness of network management improved	Influencing the use and management of networks	●	●	●	●	●
Safety and integration of transport networks improved	System risk assessment and funding of appropriate programmes and enhancements					
Management of transport assets sustained	Infrastructure asset management tools	●	●			●
Availability of mode choice increased	Funding and promotion of different modes					

6 What we do

Introduction

Land Transport NZ is a vital player in the land transport system. Every person or organisation wishing to develop, operate or participate in land transport has regular transactions with Land Transport NZ.

Land Transport NZ operates through five key interventions: funding; managing access to the land transport system; enabling; information and education; and charging. Land Transport NZ's roles and activities are shown in Figure 2.



Land Transport NZ has six strategic goals – three strategic goals for land transport and three operational excellence goals. These are, however, interdependent. The goals have been chosen in the belief that, if effectively deployed, they will generate a pattern of actions and choices by stakeholders which, sustained over time, will achieve Land Transport NZ's vision and mission.

We believe these goals will shape changes to current sector practices that will further contribute to the sustainable development goal for New Zealand and the vision and objectives of the *New Zealand Transport Strategy*.

Goal 1 | Use of land transport is sustainable and safe

Progress towards the broad outcomes promoted by the *New Zealand Transport Strategy* and the *Land Transport Management Act 2003* is very much dependent on the choices and actions of people and businesses when they use land transport.

Choices and actions that support such progress come from people and businesses being well informed about the contributions they can make, from the standards that apply to transport networks, vehicles and fuels, and from the effectiveness and acceptability of enforcement. Progress could be enhanced by providing incentives for good practice as well as applying penalties for illegal practices.

Facilitating informed choices

Currently, Land Transport NZ delivers a road safety advertising campaign that supports Police enforcement and contributes to the reduction of road trauma by undertaking publicity campaigns that increase public awareness and change behaviour relating to:

- > excessive speed, drink-driving, safety belts and failure to give way
- > identified road safety risks specific to Māori and Pacific Island people.

Land Transport NZ also operates a voluntary incentive-based initiative to encourage New Zealand drivers to improve and maintain their knowledge of the road rules and road safety and commissions research into road safety problems.

During 2006–07, Land Transport NZ will review the advertising and education programme to promote the concept of sustainable use of the land transport system.

Rules and standards

Land Transport NZ is funded by the Ministry of Transport to provide rules development services for the Minister for Transport Safety. Rules are tertiary legislation that, in conjunction with associated regulations, enable the aims of primary legislation and many of the functions of Land Transport NZ to be achieved.

This work occurs within an extended programme to replace regulations with rules that are designed to be accurate, clear, detailed, comprehensive, and written in plain language. The development of rules is subject to an extensive process of consultation with other government sector entities, the transport industry, and the wider public.

Land transport rules include provisions on driver licensing, road use, vehicle equipment and standards. In the future, rules may be produced for rail.

Land Transport NZ provides technical expertise to support the implementation and maintenance of rules and regulations. It also contributes to the development of primary transport legislation.

Compliance and registry services

Land Transport NZ has a substantial land transport regulatory and service delivery role, including providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other road-related revenue. A large number of individual transactions are conducted in providing these delivery services, eg over 600,000 driver licences and over five million vehicle licences are issued each year.

Motor vehicle registry and revenue management functions operate under a contract between Land Transport NZ and the Secretary for Transport.

In order to facilitate the delivery of its transport services, Land Transport NZ maintains a wide network of contracted agents. The agent network is currently based on three transport services delivery agents that are required to act as one-stop shops delivering across the broad range of Land Transport NZ services.² However, the network also encompasses other specialist agencies, including the small independent garages that provide warrant of fitness certificates.

Underpinning these activities is an effective service delivery strategy that is flexible and evolutionary, has a strong customer focus, and provides coverage and access models that can accommodate e-government. Land Transport NZ has commenced a review of its service delivery strategy to bring it into line with the expanded mandate of the organisation.

Key regulation and service delivery areas

The key regulation and service delivery areas, along with the activities that occur under each heading are detailed below.

Licensing drivers

- > Rules for removal and re-entry of drivers from/to the system for medical reasons and for court based offences.
- > Theory and practical testing of novice car drivers, drivers from overseas and heavy vehicle drivers.
- > Maintaining the driver license register.

Licensing transport operators

- > Rules and regulations for endorsements (passenger and vehicle type).
- > Setting standards and guidelines for operators (taxis, bus, rental vehicle companies).

Auditing road and rail operators

- > Monitoring compliance with relevant rules and regulations.

Registering and licensing vehicles

- > Setting standards for vehicles imported into New Zealand.
- > Maintaining the motor vehicle register.

Vehicle inspection and certification

- > Rules and regulations governing warrants of fitness and certificates of fitness.
- > Monitoring compliance with relevant rules and regulations.

Other areas

- > Guidelines and standards for roads.
- > Road user charges collection and compliance.
- > Transport environmental impacts.
- > Vulnerable road user regulations, guidelines and standards (pedestrians, cyclists).

Land Transport NZ will continue to focus on key areas of regulation and service delivery including:

- > promoting improvements to the road environment
- > ensuring compliance with safety standards
- > driver education initiatives and newspaper and television campaigns

² The three agents are: the New Zealand Automobile Association, Vehicle Testing New Zealand, and Vehicle Inspection New Zealand.

- > facilitating safe, responsible and sustainable access to the transport network for road users and their vehicles
- > providing safety information and advice and fostering education programmes
- > conducting regular reviews of the road and rail systems
- > investigating and reviewing land transport accidents and incidents
- > creating and managing information databases on road user charges and vehicle licensing and registration (on behalf of the Ministry of Transport) and driver licensing and operator licensing.

Regulation of rail safety

In the future, the rail system is likely to play a larger role in terms of movement of freight and passenger transport.

Land Transport NZ's regulatory role encompasses the national Crown-owned railway network as well as privately owned infrastructure and rail passenger rolling stock. At present this ranges from infrastructure providers, short and long distance passenger services, long haul freight operations, numerous industrial wagon loading and unloading sidings, tramways, the Wellington cable car, through to tourist and heritage operators.

This regulatory role is undertaken through the issuing of licenses to operate within the limits of an approved safety case. Regular safety audits are carried out to ensure that operators comply with their approved safety case.



Goal 1 – Key strategic initiatives

Activity	Completion target
Develop and implement an operator rating system for commercial licensed operators.	30 June 2009
Implement a compliance strategy that reinforces regulatory compliance and encourages operators to adopt management practices that promote safer and more sustainable performance.	30 June 2009
Pursue the recommendation of the <i>Transport Sector Review</i> that the arrangements for the delivery of the motor vehicle register and registry management services be further explored.	Ongoing
Enhance the certificate of fitness regime for heavy vehicles.	30 June 2007
Review licensing fees in accordance with the upcoming amendment to the <i>Transport Services Licensing Act 1989</i> .	30 June 2008
Support a review of road user charges legislation to improve detection and recovery of evaded charges.	30 June 2007
Develop a capability to capture and analyse data that leads to evidence-based decision-making and targeted enforcement.	30 June 2008
Develop joint planning processes with the Police Commercial Vehicle Investigation Unit to clarify roles and responsibilities, integrate capability development and enhance enforcement activities.	30 June 2007
Investigate creating a single customer identity for customer transactions.	30 June 2007
Conduct an assessment and evaluation of the service delivery options in anticipation of renewal of transport service delivery agent contracts in 2008.	Dec 2007
Work on or complete rules on: vehicle standards, driver and operator licensing, operator safety, work time and passenger transport accessibility.	Ongoing
Review the quantity and quality of new and existing land transport regulations to understand what is needed, what any unintended consequences might be, and ensure the business community is consulted on rules.	30 June 2007
Facilitate 'community up' road safety initiatives through the contract with the NZ Police.	30 June 2007
Review the national road safety advertising programme.	30 June 2007
Develop a safety and sustainability education strategy.	Dec 2006
Work with the Ministry of Transport and Transit in any future development of policy related to heavy vehicle mass and dimensions, as determined by Cabinet.	30 June 2007
Act on the recommended changes contained in <i>Effectiveness of controls over the taxi industry</i> prepared by the Office of the Auditor General, where practicable and appropriate.	30 June 2007
Assist the Ministry of Transport to redevelop the vehicle fleet emissions model (VFEM) and identify the role Land Transport NZ should play in the ongoing management of the model and, if appropriate, whether it could assume responsibility.	30 June 2007
Identify practical opportunities for Land Transport NZ in the development of innovative responses to the global challenge of climate change.	Ongoing
Assist the Ministry of Transport to develop and implement an objective noise standard for vehicles to ensure a workable solution to the problem of nuisance noise.	30 June 2007
Assist the Ministry for the Environment to scope whether the development of national environmental standards, or other measures, are required for land transport noise and storm water runoff.	30 June 2007
Assist the Ministry of Transport on three key areas of transport security policy development: vulnerability to terrorism, personal security, and emergency management and coordination.	Ongoing

Goal 2 | Greater synergy within the land transport sector

Progress towards the broad outcomes of the *New Zealand Transport Strategy* and the *Land Transport Management Act 2003* is enhanced if the decisions and actions of public and private sector transport stakeholders support each other.

Decisions and actions that support such progress will come from well coordinated land use and transport planning and clearly articulated longer term plans by those who develop and operate the land transport system. Progress will also come when methods for paying for development and use of the land transport system adequately price the system, provide sufficient revenue and create an appropriate level of travel demand management. Further progress will also come from ensuring that the barriers that prevent stakeholders (including commercial organisations) from making the greatest possible contribution to the sustainable development and use of land transport are identified, investigated, and where possible, removed.

Advocating integrated planning

In order to deliver key results, Land Transport NZ relies on stakeholders to successfully plan and deliver their individual land transport activities. Success in this context will require alignment between local government long-term council community and annual plans, the Regional Land Transport Strategy, and the purpose and objectives of the *Land Transport Management Act 2003*.

A major opportunity to integrate planning for a sustainable and safe land transport system is at the regional level through the development of appropriate regional land transport strategies. The delivery of this planning is to be undertaken through the mechanism of land transport programmes. Local government develops land transport programmes through long-term council community plans (LTCCPs), which provide major opportunities to integrate transport with broader community aspirations.

A 'predict and provide' approach to planning and funding, where growth in vehicle numbers and traffic volumes would automatically lead to planned network upgrading, is no longer valid. There is a new emphasis on managing existing transport networks before necessarily adding new infrastructure and encouraging different travel choices as a key means of reducing pressure on the transport system.

Land Transport NZ will work to improve integration of land and transport planning by assisting and participating in the development of:

- > regional growth strategies and resource management plans
- > regional land transport strategies
- > long-term council community plans
- > asset management plans.

Changes in land use often drive land transport expectations, travel patterns, costs, and impacts on, among other aspects, safety, access, and amenity. The costs and impacts are not always borne by those who promote changes in land use. Land Transport NZ can help ensure that all transportation impacts are considered in planning processes, including identifying and participating in planning process opportunities, encouraging good design, advocating for integration between land use and transportation planning, and providing guidance materials around planning for changes in land use.

Integrating funding programmes

From 2006/07, the Safety Administration Programme will be replaced by the Land Transport NZ's Land Transport Programme, which will be incorporated into the National Land Transport Programme.

During 2006/07, Land Transport NZ's programme will continue to implement the government's *Road Safety to 2010* strategy by defining and funding the annual programme of road safety education and enforcement activities for New Zealand.

Road policing

The enforcement element of the Land Transport Programme will be prepared each year in consultation with the Commissioner of Police. The funding for road policing (approximately \$225 million GST exclusive for 2006/07) through Vote Police is a charge against the National Land Transport Fund.

Although Land Transport NZ does not have direct control over the funding for road policing, we can influence the total through negotiation with the Minister of Transport and the actual enforcement activities through consultation with the NZ Police and approved organisations.

Facilitating the participation and cooperation of sector players

Land Transport NZ is ideally placed to encourage improved alignment between national policy goals, regional strategies, sub-regional and district planning and local activities. Land Transport NZ has a deliberate strategy to improve the effectiveness of its relationships with transport sector stakeholders to achieve this objective.

In addition, effective relationships will enable us to strengthen the alignment with the statutory frameworks for funding land transport and using the land transport system, improve performance and synergies between asset management and investments in how those assets are used, and ensure accurate identification of problems and the development and implementation of integrated and sustainable solutions.

Developing sustainable revenue streams

Tolling

Land Transport NZ is currently working with Transit and the Ministry of Transport to investigate road pricing policy and is leading work on the development of a tolling solution for the country's first toll road, the stretch of State Highway 1 from Orewa to Puhoi (ALPURT B2). While the road is due to open in January 2009, the tolling system will be fully developed, tested and operational six months beforehand.

10-year revenue and expenditure forecast

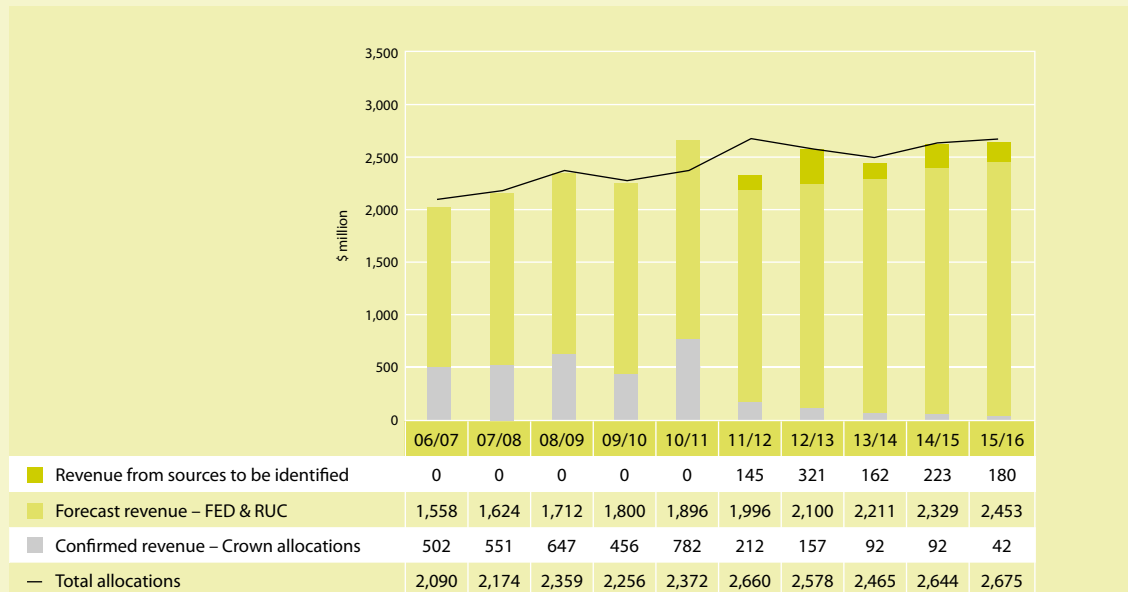
As part of the annual National Land Transport Programme, Land Transport NZ includes a forecast of the anticipated revenue and expenditure for the current financial year and the nine years following. This 10-year financial forecast spans 2006/07 to 2015/16. The forecast sets out the revenue Land Transport NZ anticipates receiving from the National Land Transport Fund, including regionally distributed funds, Crown funds for Auckland and Wellington, and the proposed allocation to activities over this period.

The 2006/07 figures make up the allocation for this year's National Land Transport Programme and are fixed. The figures for the following years are indicative and will change over time. Even though the forecast may change, publishing it assists the sector with planning and decision-making.

There are several reasons why this forecast will change. The priorities of other organisations may change in response to the forecast or there may be changes in the New Zealand economy or to government priorities. Where Land Transport NZ funds projects in partnership with local government, the level of that partner's funding may influence the timing of projects or their ability to proceed. Finally, projects and activities will change in cost and anticipated timing.

For all expenditure allocations within the forecast, the allocation of a particular amount does not imply a commitment to fund that amount. All forecasts are subject to review as policy evolves and knowledge improves. The 10-year revenue and allocation forecast is shown in Figure 3.

FIGURE 3 | Anticipated revenue and expenditure from 2006/07 to 2015/16



Goal 2 – Key strategic initiatives

Activity	Completion target
Maintain a joint project with Transit to introduce a tolling system to collect revenue for ALPURT B2.	30 June 2008
Integrate Land Transport NZ's land transport programme into the National Land Transport Programme.	30 June 2007
Incorporate community road safety programmes into local land transport programmes (including implementing a community programme pilot).	30 June 2007
Develop LTP online guidelines for 2008/09. ³	30 June 2007
Contribute to a review of transport revenue options, including road pricing and developer contributions.	30 June 2007
Contribute to development of a transport sector research strategy.	30 June 2007
Further develop land use transport planning guidelines (including transportation and impact assessment guidance).	Ongoing
Improve the reporting of land transport system performance.	Ongoing
Work with stakeholders to encourage good urban design (through respective urban design protocol action plans).	Ongoing

³ LTP online is Land Transport NZ's online portal used by approved organisations to submit land transport projects and programmes for assessment and funding approval.

Goal 3 | Improved performance of land transport networks

Progress towards the broad outcomes of the *New Zealand Transport Strategy* and the *Land Transport Management Act 2003* is very much dependent on the quality of activities carried out by those organisations that develop and operate land transport networks.

A major focus of the sustainable land transport objective is the ongoing management of existing infrastructure and services so their use can be sustained long term. The management of transport networks has two main elements – the best possible performance of the different network components and the connectivity for users between the different components, eg the through route efficiency of state highways and the connections between rail, bus and ferry services.

Another area of focus is ensuring adequate development of infrastructure and transport services to promote the use of modes other than the private motor vehicle. This should both encourage mode change choices and meet the needs of the transport disadvantaged.

Land Transport NZ's partners, who plan for, develop and operate different components of land transport networks, are responsible for their own specific functions. The challenge for Land Transport NZ, particularly through our funding function, is to bring about an optimum balance between the needs of different modes and users, and between existing and new infrastructure and services that make up land transport networks.

Ensuring sustainable management of networks

Under the provisions of the *Land Transport Management Act 2003*, Land Transport NZ has placed a new emphasis on better managing existing transport networks and encouraging different travel choices as key ways to reduce pressure on the transport system.

However, adding new infrastructure continues to be necessary and this is being achieved within a new long-term planning context.

Ensuring connectivity between transport modes

Transport demand management

Land Transport NZ is becoming actively involved in transport demand management activities, including:

- > assisting development and promotion of travel behaviour change initiatives, such as travel plans
- > running the Safer Routes scheme (education, engineering and promotion of safer pedestrian and cycling routes in at-risk urban areas).

Cycling and walking

Land Transport NZ provides assistance for the promotion of walking and cycling by:

- > financially assisting the development of strategies and infrastructure
- > providing a pedestrian and cyclist road safety framework
- > providing guidelines for route planning and design (including facilities for people with impairments).

Land Transport NZ has taken a leadership role in managing the implementation of the government's *Getting there by foot or cycle* strategy. This includes funding a range of initiatives to be delivered under a contract with the Health Sponsorship Council.

Improving accessibility for all users

Land Transport NZ financially assists the provision of passenger transport services in order to provide people with alternative modes of transport and improve overall system integration. This is achieved through:

- > funding of subsidies on contracted regional council bus, ferry and rail services
- > financially assisting some capital expenditure by regional councils and territorial local authorities
- > financially assisting regions for the operation of a taxi-based transport service for people with disabilities.

Funding development of infrastructure and services

Maintaining infrastructure

Over 50 percent of the National Land Transport Programme is allocated to activities focused on maintaining or operating the existing land transport system.

Land Transport NZ continues to work on improving its approach to road maintenance through the promotion of robust decision-making processes based on accurate inventory data management, regular condition monitoring and sound asset management planning.

The objective when setting maintenance funding levels is to have confidence that a cost-effective maintenance (operational) strategy is adopted for road networks, on a long-term basis. To this aim the maintenance evaluation process focuses on:

- > the robustness of an approved organisation's information and quality assurance systems
- > benchmarking across road controlling authorities
- > variation to national and regional level of service targets
- > the achievement of lowest lifecycle costs.

We continue to refine our understanding of maintenance levels of service by monitoring trends in road network performance with indicators such as smooth travel exposure, surface condition index and pavement integrity index. Our aim is to enable approved organisations to maintain their road networks at a steady level of condition for smooth travel, safety and asset preservation.

The funding allocation process

The funding allocation process will continue to be used for assessing and programming government investment in the land transport system. In assessing individual project proposals, we will take into account:

- > the size and nature of the transport problem
- > the effectiveness of the proposed solution
- > the efficiency of the proposed solution.

To further assist with the development of the land transport system, from 2006/07 the government has made available additional sources of funding. Further details about this funding provision can be found in Section 11.

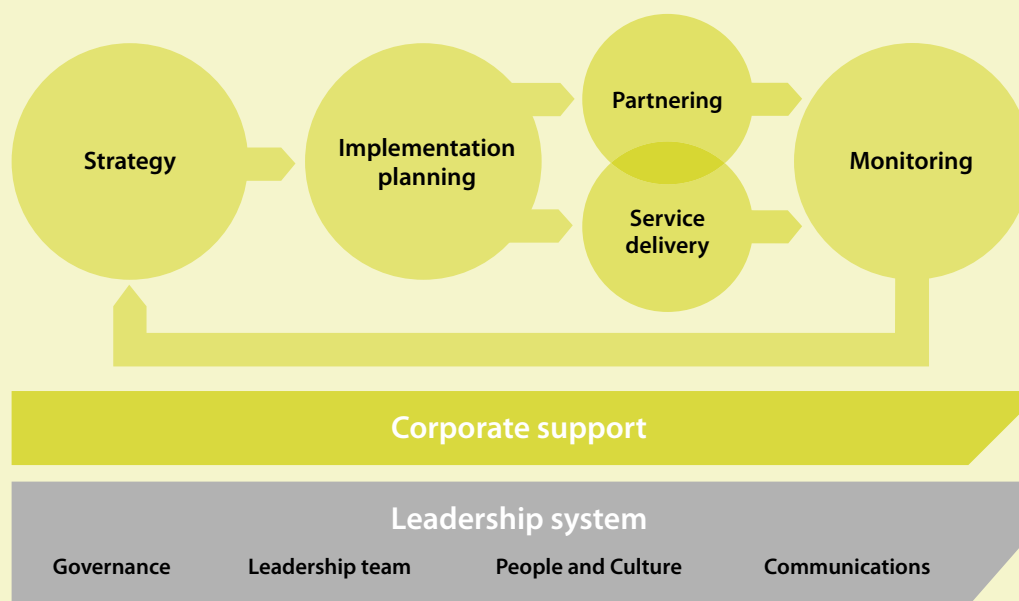
Goal 3 – Key strategic initiatives

Activity	Completion target
Align passenger transport procurement procedures with the <i>Land Transport Management Act 2003</i> .	30 June 2007
Complete the review of procurement procedures for physical works and professional services.	30 June 2007
Develop a passenger transport farebox policy.	30 June 2007
Implement improvements to the total mobility scheme.	30 June 2007
Undertake implementation of the NZ walking and cycling strategy.	Ongoing
Develop and implement a travel behaviour change action plan.	30 June 2007
Complete the review of the <i>Project Evaluation Manual (PEM)</i> and re-issue as the <i>Economic Evaluation Manual Volume I</i> .	30 June 2007
Work with the Ministry of Transport on: <ul style="list-style-type: none"> > the information sharing project and National Land Transport Fund 10-year forecasting > review of Part 2 of the <i>Transport Services Licensing Act (1989)</i> Part 2 > providing input to the Minister's advisory group on roading costs > EXG expenditure review of value for money in the land transport sector > development of strategic transport demand management policy > the potential for encouraging need responsive passenger transport > policy development related to heavy vehicle mass and dimensions > redevelopment of the vehicle fleet emissions model > development of a national environmental standard for land transport noise > a road classification and road assessment programme. 	30 June 2007

7 How we deliver

To achieve our aim of contributing to an integrated, safe, responsive and sustainable land transport system, the structure of Land Transport NZ is based on continuous improvement, a 'Think, Plan, Deliver, Monitor' model, as illustrated in Figure 4.

FIGURE 4 | High-level business model



The model is designed to:

- > fully utilise existing capability and provide for the development of skills in a learning environment
- > enhance regional engagement so land transport strategy is more responsive – reaching into the communities we serve and working alongside our key partners
- > provide for fair and transparent decision-making
- > ensure clear responsibilities and accountabilities for each group
- > facilitate collaborative working arrangements with other transport agencies and businesses.

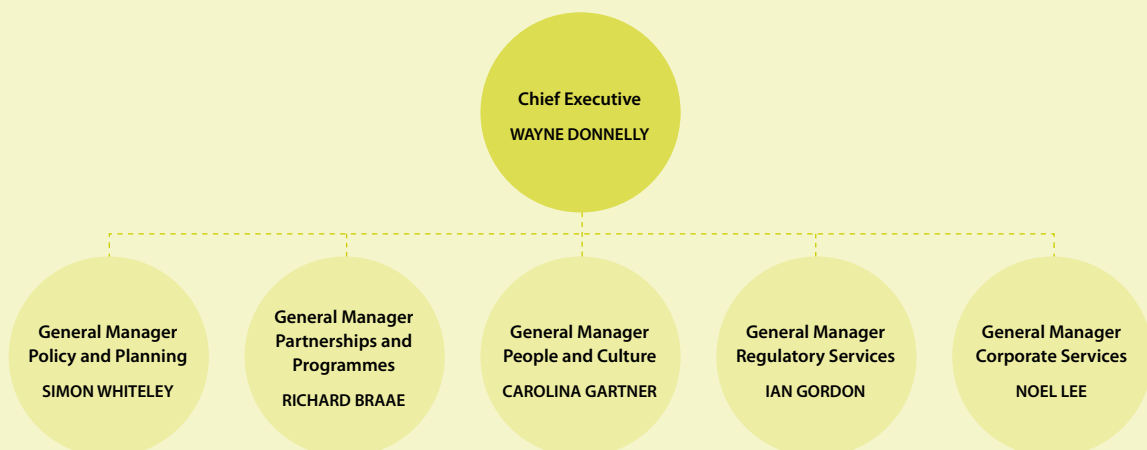
Land Transport NZ is governed by a Board of six to eight members appointed by the Minister of Transport. Board details are provided in Appendix 2.

Our organisation structure is comprised of five groups (see Figure 5) as set out below:

- > The Policy and Planning group is responsible for operational policy development, rule development, and provision of advice and expertise that will contribute to delivering sustainable land transport. The group also manages the accountability relationships with government and facilitates the strategic and business planning of the organisation.
- > The Partnerships and Programmes group is responsible for developing and delivering land transport programmes, providing for engagement and relationship management with respect to partners and stakeholders, monitoring of organisations that receive funding, and monitoring the effectiveness of Land Transport NZ's programmes.
- > The Regulatory Services group is responsible for implementing regulatory frameworks and revenue collection. In particular, continually improving service delivery, developing strategy, managing agency relationships and contracts, monitoring and reviewing performance, managing entry and exit of users from the land transport system and, where necessary, ensuring appropriate disciplinary action. The group is also responsible for delivering on the contract with the Secretary of Transport for the motor vehicle registry and revenue management activities.
- > The Corporate Services group is responsible for providing service excellence to internal customers in the areas of finance, information systems and technology, information management and business services.
- > The People and Culture group is responsible for the development of business style and the implementation of people management and development strategies that enhance and increase both organisational capability and organisational development, and drive the integration of cross-organisational development.

The structure is supported by a number of processes and systems, including ways to work collaboratively, share resources and manage work programmes between groups as appropriate and to ensure timely and useful information is available for decision-making.

FIGURE 5 | Land Transport NZ organisation structure



Operational excellence goals

Land Transport NZ has three strategic goals for achieving operational excellence.

Every person or organisation wishing to develop, operate or participate in land transport must transact with Land Transport NZ. Hence, it is imperative that we provide high quality service and operate efficiently in our dealings with government, transport authorities, commercial operators and the public. It is from this foundation that we are able to promote land transport sustainability and safe transport on land.

Goal 4 | Confident, capable, motivated people

Our ability to carry out our functions effectively and efficiently, while promoting land transport sustainability and safe transport on land, depends on the quality of our people and their ability to deliver what our customers need.

The reality of Land Transport NZ's business is that we rely on our staff to competently deal with the public, our agents, commercial operators, transport authorities and government departments and other agencies. Every transaction either adds to or takes away from Land Transport NZ's ability to efficiently provide good service and to effectively promote land transport sustainability and safe transport on land.

Our operational excellence goals are directed at enabling our staff to carry out their duties to the best of their ability and to the required level of performance.

In order to achieve this, we focus on developing our skills. Our aim is to provide a supportive environment where staff feel valued and motivated to achieve. This requires Land Transport NZ managers to provide the right kind of leadership, including recognising and rewarding excellent performance. Developing and nurturing our desired organisational culture is a significant and critical component in having people who are confident, capable and motivated.

Goal 5 | Effective information and business systems

Land Transport NZ is a large business with a high dependency on large-scale information systems, such as the motor vehicle and the driver licence registers. We also depend on efficient business systems to function effectively internally and through our 4,000 agency outlets.

Access to, and use of, high quality information is becoming increasingly important as we develop capability in revenue management and more closely monitor the performance of the land transport system as an aid to decision-making by Land Transport NZ and our partner organisations.

Goal 6 | Leadership that enables

A large and diverse business like that operated by Land Transport NZ requires good leadership at management level, but also promotion and development of leadership qualities throughout the organisation. Leadership should be seen at all levels and should support people in their roles so that they can achieve what is expected of them – this is what leadership that enables does.

To this end, Land Transport NZ has developed a set of priority leadership protocols that are being promulgated throughout the organisation and managers are charged with demonstrating these in the day-to-day management of people and resources.

Goals 4, 5, 6 – Key strategic initiatives

Activity	Completion target
Develop and implement a risk management framework.	30 June 2007
Complete an information systems strategic plan and implement new governance arrangements.	30 June 2007
Implement an electronic document and records management system.	30 June 2007
Finalise and implement a National Office accommodation strategy.	30 June 2007
Implement a culture survey gap analysis and recommendations.	2006–08
Design and implement management and leadership programmes.	Ongoing
Build an equal employment opportunity (EEO) programme, including the development and implementation of the EEO strategy and plan.	Ongoing
Develop human resources information system tools including: <ul style="list-style-type: none"> > reviewing our workforce profile > generating management reports > putting in place strategies to address any gaps. 	Ongoing

Maintaining organisational health

Land Transport NZ employs a significant number of high-level, professionally qualified staff and recruitment can be a challenge, especially for technical roles in the current tight labour market. The organisation has an ongoing recruitment process to fill vacancies – gaps are addressed, where necessary, by external consultancy support.

Each person who works at Land Transport NZ has a leadership role. The organisation wants the culture to be reflected by core behaviours – how people, as individuals, behave. These are expressed as:

At Land Transport NZ we always:

- >> inform each other and are open and honest
- >> live our commitment to sustainable and safe transport
- >> seek continuous improvement
- >> give our best
- >> act professionally and with integrity
- >> acknowledge achievement and contribution
- >> involve and support each other, and respect each other's views.

8 How will we measure our performance?

The organisation mission is not internally derived. It is driven by the expectations stated in the *New Zealand Transport Strategy* that the governance, management and funding of land transport would be forward-looking, collaborative, accountable and evidence-based. It is driven by the expectations and priorities of partner organisations, stakeholders, customers and the general public. Consequently, our mission to improve land transport needs to be viewed from the perspectives of the desired outcomes, our relationships, outputs and organisational culture. These linkages are shown in the diagram below.

FIGURE 6 | High-level business model



Risk management

Following the formation of Land Transport NZ, a new risk register was required. The objectives, responsibilities and structure of the organisation are significantly different from its predecessor organisations. It was, therefore, determined that a green fields approach would be taken as it was not appropriate to simply amalgamate the two existing organisational risk registers.

An independent high-level risk review has been completed to initially identify significant risks for Land Transport NZ, and to form an opinion as to the status of risk awareness and related control activities.

Following that independent review, work has commenced to consider possible options for establishing a formal risk management framework within Land Transport NZ. It is expected that a formal framework will be agreed no later than early 2007. Progressive implementation of an agreed framework will then be commenced.

Some of the major risks faced by the organisation are:

- > ability to recruit and retain skilled staff
- > ability to provide for land transport investment needs and expectations relative to available revenue streams
- > ability to influence and change travel behaviour (towards safer and more sustainable use of the land transport system)
- > ability to achieve more effective regulatory intervention (offsetting compliance costs against savings from greater levels of compliance).

Measuring overall performance

Land Transport NZ gathers, or has access to, a significant amount of information each year that can be used to measure the performance of land transport over time. Even so, there are significant data gaps in the transport sector and some of these will need to be addressed if a robust and comprehensive understanding of trends is going to be achieved.

The Ministry of Transport and Crown transport entities are collaborating on the development of an integrated monitoring indicators framework. The framework will contain a hierarchy of measurable indicators to monitor the sector's progress towards delivering the objectives of the *New Zealand Transport Strategy*.

Table 2 shows a set of impact and outcome indicators that could be used to develop an understanding of trends relative to the objective of achieving a safe and sustainable land transport system.

TABLE 2 | Indicators that can be used to measure the performance of the land transport system over time

Perspectives	Results sought	Indicators
Outcomes and impacts	<ul style="list-style-type: none"> Energy efficient Non-polluting Compatible with liveable cities Able to meet needs long-term Able to be provided long-term Reliable and efficient Safe and secure Affordable over the long-term 	<p>Total travel</p> <p>Total vehicle kilometres travelled (VKT)/GDP</p> <p>Mode share</p> <p>Percentage mode share for individual trips</p> <p>Percentage mode share (road/rail/coastal shipping)*</p> <p>Access and mobility</p> <p>Minutes delay/km</p> <p>Percentage population within 500 m of regular public transport service**</p> <p>Safety</p> <p>Road deaths per VKT</p> <p>Road hospitalisations (more than 3 days) per VKT</p> <p>Percentage regulatory compliance</p> <p>Environment</p> <p>Fuel consumption per VKT (petrol/diesel)</p> <p>Average age of light/heavy vehicle fleet</p> <p>Asset management</p> <p>Road condition index</p> <p>Road smooth travel exposure</p> <p>Road pavement integrity index</p> <p>Rail asset management indicator</p>
Relationships	<ul style="list-style-type: none"> Goodwill of New Zealanders Respect and cooperation of transport sector professionals Trust and collaboration of transport sector leaders Confidence and backing of government 	<p>Satisfaction ratings from stakeholder surveys on:</p> <ul style="list-style-type: none"> > National Land Transport Programme process > assistance and advice function > audit and regulatory functions > research programme
Organisation	<ul style="list-style-type: none"> Commitment, leadership and integrity Teamwork and partnership A professional approach Being knowledgeable and informative Staff competence and empowerment Quality service and adding value Effectiveness and efficiency 	<p>Staff turnover:</p> <ul style="list-style-type: none"> > average tenure in job > absenteeism > average time to full productivity.
Outputs	<ul style="list-style-type: none"> Providing registrations, licensing and compliance services Assisting and funding Monitoring and informing partners and stakeholders Promoting sustainable and safe land transport Assisting and advising 	<p>Quality, quantity, timeliness and cost measures</p> <p>– See section 10.</p>

Notes:

* Subject to availability of data

** Minimum number of services per day

Trends in some key indicators

The trends shown below use national data. Regional and local trends vary significantly and are reported in other Land Transport NZ documents, such as the National Land Transport Programme published in June each year and New Zealand land transport at a glance (a yearly statistics publication currently under development). Figure 7 shows gross domestic product (GDP) relative to the national trend in vehicle kilometres travelled over the last decade. The economy has grown faster than the growth in road transport, an outcome Land Transport NZ is seeking to support.

FIGURE 7 | GDP (current prices) relative to vehicle kilometres travelled (VKT)

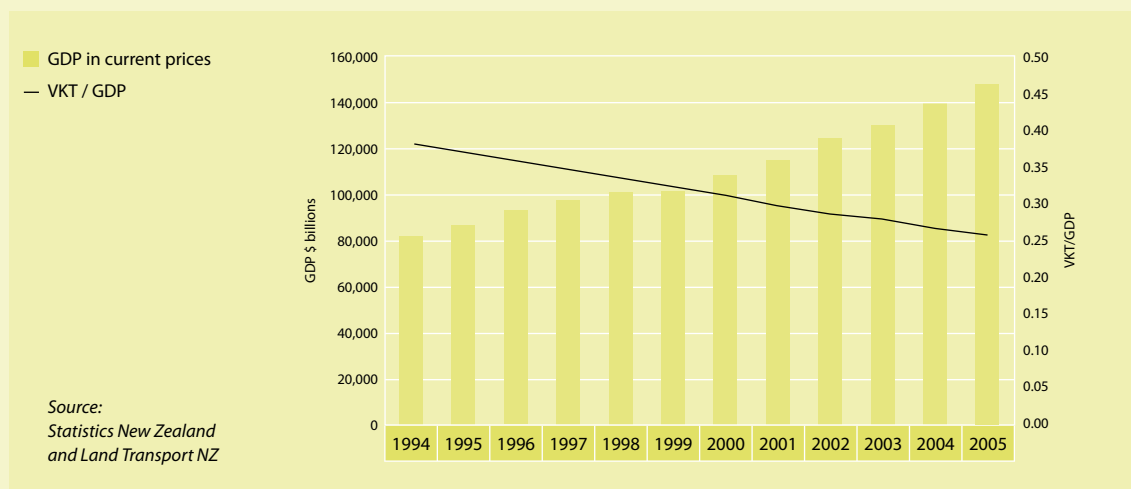
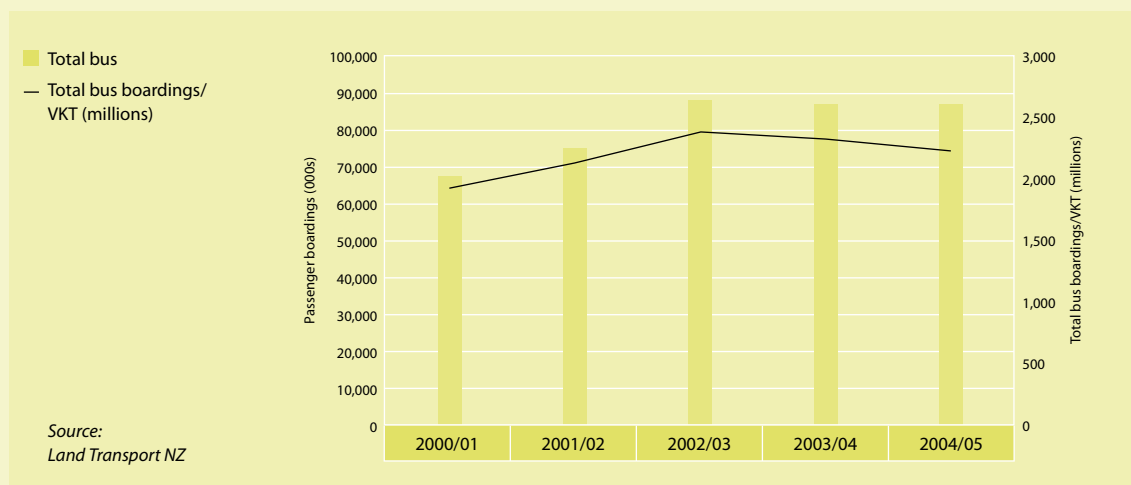


Figure 8 shows the national trend in bus patronage for the last five years. While there has been an overall increase in bus patronage, patronage declined slightly in the period 2003–2005. 2005/06 and 2006/07 data, when available, should show a return to an upward trend in overall bus patronage in response to very recent rises in fuel prices.

FIGURE 8 | Trend in bus patronage



Figures 9 and 10 show trends in total road fatalities and serious injuries per billion vehicle kilometres travelled for the past decade. The overall improvement in road safety achieved during the 1990s is continuing, which is encouraging.

FIGURE 9 | Trend in road fatalities per VKT

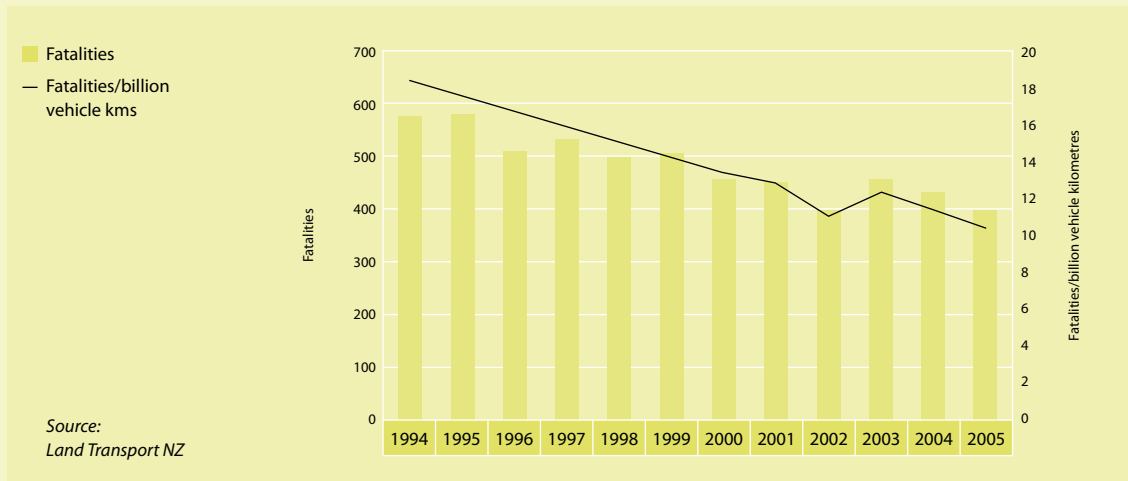


FIGURE 10 | Trend in total serious injuries



Figure 10 shows the trend in total serious injuries (hospitalisation for 3 days or more) from 1997–2005. The overall trend is one of increasing safety (with the slight rise in 2005 going against the general trend), and this is reflected in the numbers of serious injuries relative to vehicle kilometres travelled.

Figure 11 shows trends in speed compliance rates for the past five years. Average speeds continue to decline slowly, which is very important from a transport safety perspective as speed has a major impact on the severity of injuries in crashes.

FIGURE 11 | Trends in speed compliance rates

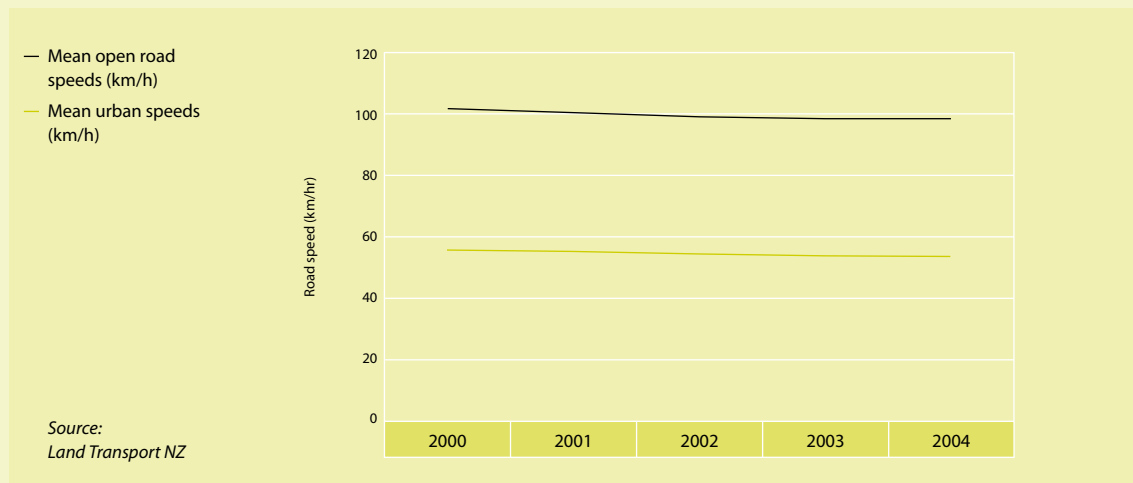


Figure 12 shows trends in restraint and cycle helmet compliance rates for the last five years. The use of safety restraints in cars is steadily improving but cycle helmet compliance may be trending down slightly. It is encouraging to see a significant increase in rear seat restraint compliance and greater use of child restraints, indicating the success of education campaigns targeting these safety issues.

FIGURE 12 | Trends in restraint and helmet compliance rates

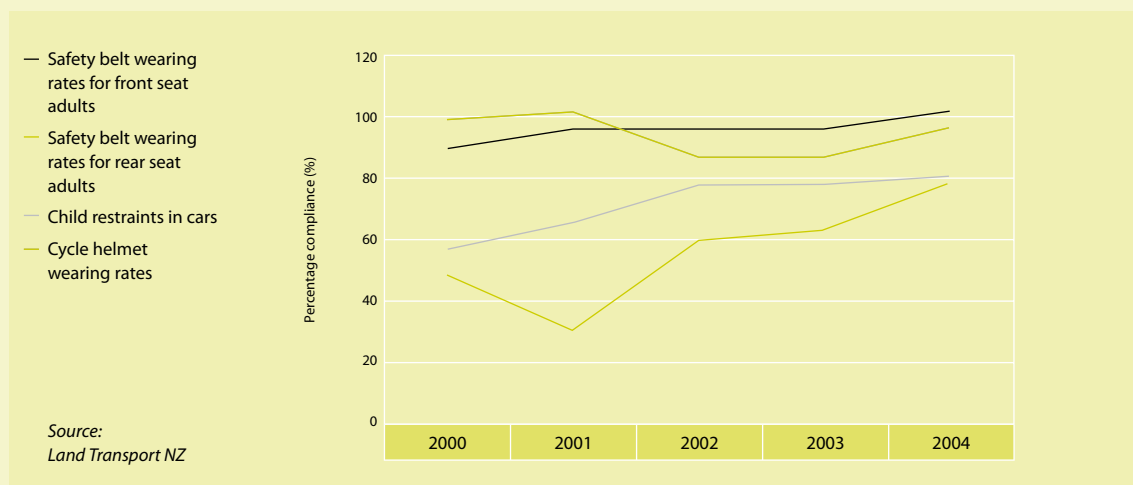


Figure 13 shows land transport carbon dioxide (CO₂) emissions by mode. Road transport is the largest single contributor to emissions of the greenhouse gas CO₂. The trend is one of increasing emissions over time, including increasing emissions per vehicle kilometre travelled.

FIGURE 13 | Trend in land transport CO₂ emissions by mode

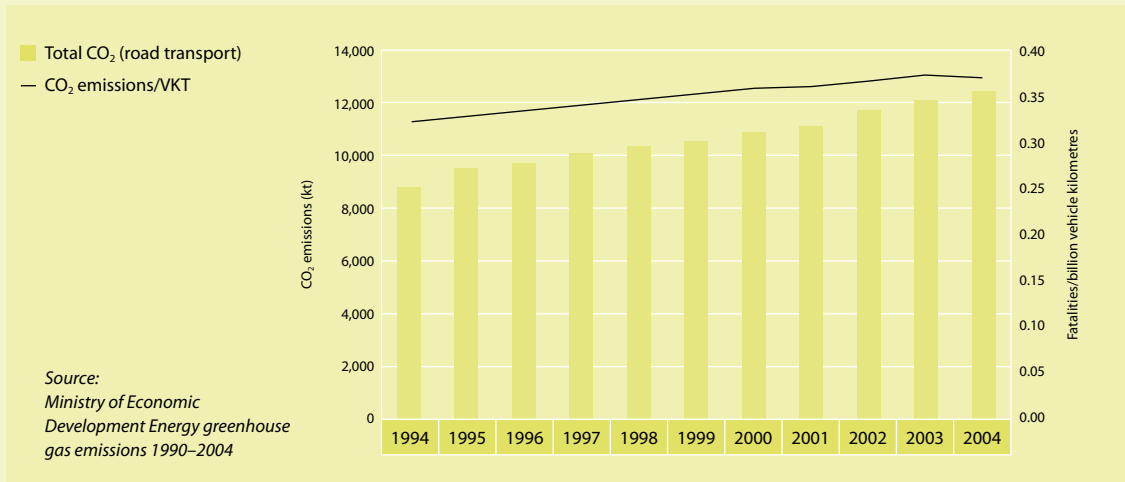


Figure 14 shows the trend in land transport energy consumption over the last decade. Energy use continues to increase steadily, as does energy use per vehicle kilometre travelled.

FIGURE 14 | Trend in land transport energy use

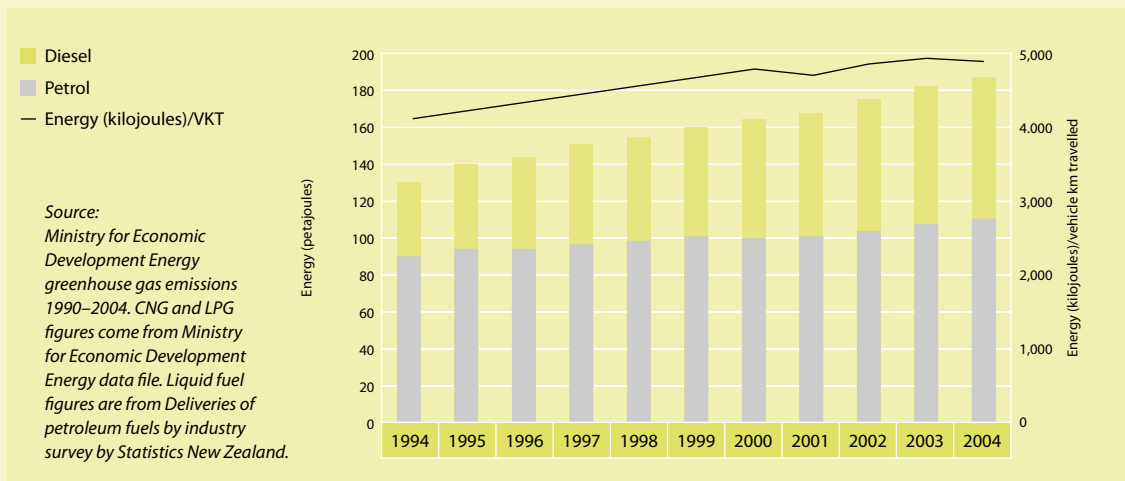


FIGURE 15 | Trend in smooth travel exposure for local roads

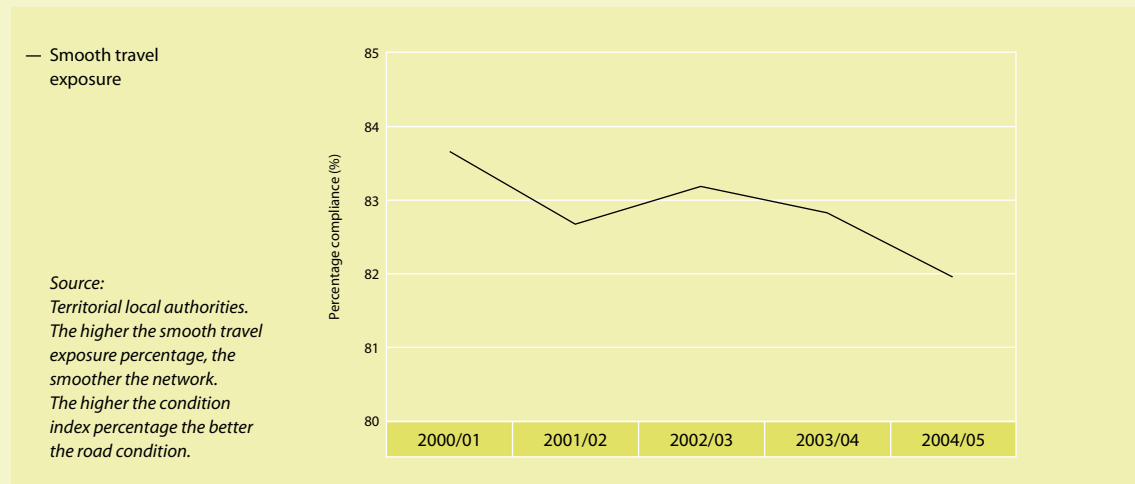


FIGURE 16 | Trend in condition index for local roads

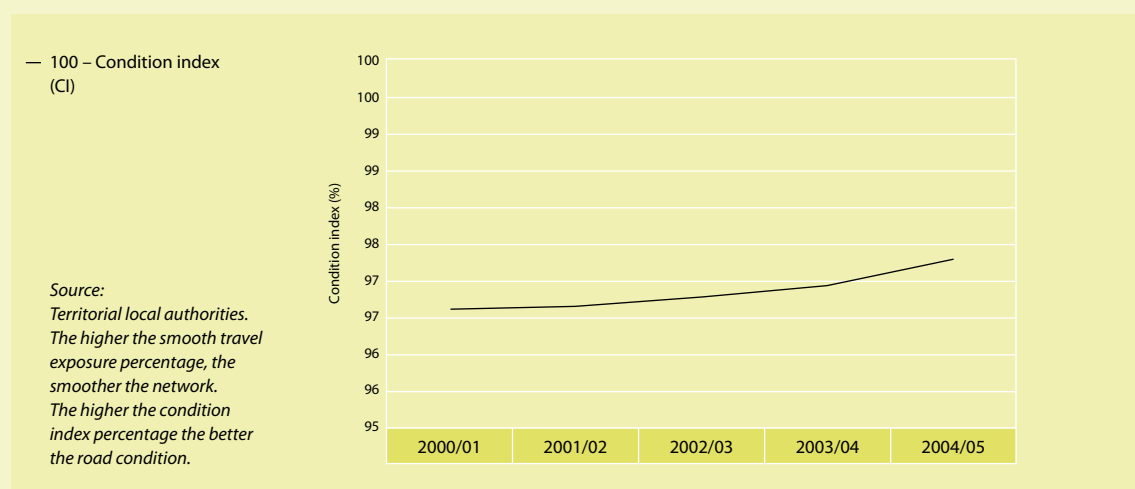


FIGURE 17 | Trend in pavement integrity index for local roads

— 100 – Pavement integrity index (PII)



Source:
Territorial local authorities.
The higher the smooth travel exposure percentage, the smoother the network.
The higher the condition index percentage the better the road condition.

9 Forecast financial statements

This includes:

- > Statement of accounting policies.
- > Forecast statement of financial performance.
- > Forecast statement of movements in equity.
- > Forecast statement of financial position.
- > Forecast statement of cash flows.
- > Forecast statement of third party revenue.
- > Forecast statement of output expenditure.
- > Forecast output class financial performance.

In addition to the performance measures and targets stated for each of the output classes, there are stringent conditions attached to the receipt of funding from the National Land Transport Account as set out in the National Land Transport Programme agreements with approved organisations. Services provided in all the activity classes must be delivered in accordance with those conditions.

Statement of accounting policies

Reporting entity

Land Transport NZ is a Crown entity established in December 2004 as the result of a re-organisation of the government transport sector, which saw the majority of the activities of the Land Transport Safety Authority and Transfund New Zealand combine to form Land Transport NZ. Land Transport NZ is integrally involved in developing and delivering an affordable, integrated, safe, responsive, and sustainable land transport system in line with the New Zealand Transport Strategy vision.

Statutory base

Land Transport NZ's financial statements are prepared in accordance with the requirements of Part 4 of the *Crown Entities Act 2004*.

Measurement basis

The financial statements have been prepared on an historical cost basis.

Accounting policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Budget figures

The budget figures contained in this Statement of intent (SOI) are those approved by the Land Transport NZ Board in March 2006 and assume statutory approval of the maximum amounts of the operating and research costs by the Minister of Transport (as provided for in the *Land Transport Management Act 2003*).

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Board for the preparation of the financial statements.

Actual financial results achieved for the period covered are likely to vary from the information presented due to ongoing operational decisions and these variations may be material.

Significant budget assumptions

The budget for 2006/07 has been prepared based on the following assumptions.

- > There is a government expectation that the organisation will fully allocate all roading funds available to projects meeting the government's policy objectives.
- > Personnel budget is seen to stabilise in 2006/07 as the new organisation structure is put in place.
- > Operationally, the organisation is less than two years old so further review of the range of services being provided is expected.

Revenue

Land Transport NZ derives revenue from:

- > fees and charges from regulatory activities
- > the sale of goods and services
- > contracts for delivery of motor vehicle registration activities, revenue management and rules development
- > Crown revenue split into two components: Crown – Annual (annual Crown appropriations, including funding for particular regions) and Crown – National Land Transport Fund (being the funding from fuel excise duty and road user charges directed to land transport and flowing into the National Land Transport Fund)
- > income from investments.

Expenditure

Operating expenses are recognised in the period to which they relate.

Road controlling authorities and regional council claims are recognised as expenditure in the period when the activity has been performed and up to the amount approved by the board for that activity. Revenue received by Transit, as per section 10(6) of the *Land Transport Management Act 2003*, is treated as a reduction to expenditure.

Financial instruments

Land Transport NZ is party to financial instruments as part of its everyday operations. These financial instruments include cash and bank balances, investments, accounts receivable and accounts payable. Investments are stated at the lower of cost or net realisable value. All revenue and expenditure relating to financial instruments is recognised in the Statement of financial performance.

Accounts receivable

Accounts receivable are stated at their estimated realisable value, after providing for doubtful and non-collectable debts.

Inventories

Inventories are stated at the lower of cost or estimated net realisable value.

Fixed asset valuation

Fixed asset purchases are recorded at cost, and depreciated on a straight-line basis over their estimated useful lives. The minimum cost value for a purchase to be classified as a fixed asset is \$2,000.

Depreciation of fixed assets

Depreciation is calculated on a straight-line basis at rates that will write-off the cost of the assets over their estimated useful lives. The useful lives and associated depreciation rates used in these statements are as follows:

Asset class	Useful lives	Depreciation rate
Leasehold improvements	Estimated life of the lease	
Plant and equipment	5 years	20%
Furniture and fittings	10 years	10%
Motor vehicles	4 years	25%
Office equipment	5 years	20%
Computer hardware	3 years	33%
Computer software	Various	
Driver Licence Register system	10 years	10%

Cost of service statements

The Statement of service performance reports the net cost of services for the outputs of Land Transport NZ and is represented by the costs of providing the output less all the revenue that can be allocated to these activities.

Output costing

Basis of assigning indirect and corporate costs to business units who produce outputs

Corporate indirect costs and corporate overhead are assigned to business units based on a number of cost drivers. The cost drivers include floor space occupied by the business unit and volume of effort associated with its activity.

Business unit's direct costs and overhead assignment to outputs

Business units are defined as work areas that produce outputs. Where possible, costs incurred by a business unit are direct coded to outputs. Business unit's direct or indirect costs including salaries and their share of indirect and corporate overhead are assigned to outputs based on the proportion of direct staff time spent on each output.

Taxation

Income tax

Crown entities are exempt from income tax under provisions of the *Income Tax Act 1994*, and therefore no charge for income tax has been provided for.

Goods and Services Tax (GST)

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

Employee entitlements

Provision is made in respect of Land Transport NZ's liability for annual leave, long-service leave and retirement leave. Annual leave and other entitlements expected to settle within 12 months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay.

Entitlements that are payable beyond 12 months such as long-service leave and retirement leave, have been calculated on an actuarial basis based on the present value of expected future entitlements.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other liquid investments in which Land Transport NZ invests as part of its day-to-day cash management. All demand deposits are held with trading banks registered in New Zealand.

Operating activities include cash received from all income sources of Land Transport NZ and cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in the capital structure of Land Transport NZ.

Operating leases

Land Transport NZ leases office premises, office equipment and motor vehicles. As all the risks of ownership are retained by the lessor, these leases are classified as operating leases. Operating lease costs are charged as expenses in the period in which they are incurred.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Commitments relating to employment contracts are not disclosed.

Contingent liabilities

Contingent liabilities are disclosed at the time at which the contingency is evident.

Public equity

This is the Crown's net investment in the Crown entity, retained surpluses and the balance of all memorandum accounts.

Impact of transition to *International Financial Reporting Standards*

The financial reporting standard about preparing prospective financial statements (FRS-42) says that the forecast (prospective) statements for an upcoming financial year should be prepared according to the same standards as the retrospective statements at the end of that financial year.

The prospective (forecast) financial statements in this SOI have been prepared in accordance with NZ GAAP. However, from 1 July 2007 a new set of financial reporting standards will be used in New Zealand called the New Zealand Equivalents to *International Financial Reporting Standards* (NZ IFRS). This means that the retrospective financial statements at the end of the financial year 2006/07 will be written in accordance with the NZ IFRS but the prospective (forecast) statements in this document are written according to the previous standards (NZ GAAP).

This SOI cannot comply with the FRS-42 to prepare the prospective statements in this SOI according to the new standards because the full impact of the new standards (NZ IFRS) has not yet been determined.

Changes in accounting policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with the previous year.

Further information for sections 9 and 10

Forecast expenditure

Land Transport NZ has in past years reported expenditure against total revenue. No breakdown by output is evident in earlier annual reports or SOI's.

When reporting expenditure against the stated Crown appropriation for each output class, as per the Estimates, variances occur. Where under-spends are forecast for output classes funded through Crown – Annual appropriations, the level of the appropriation will be adjusted as part of the government's regular baseline update process. Where surpluses arise from output classes funded through Crown – National Land Transport Fund appropriations, these surpluses have been retained at year-end for reallocation in the next financial year and are reflected in the National Land Transport Account carryover amount.

National Land Transport Account

Funds received by Land Transport NZ are held in the National Land Transport Account. Those funds to be paid to approved organisations for approved activities under the National Land Transport Programme, and to Land Transport NZ for its own operating expenses, are accounted for separately. Unallocated funding or operating surpluses from output classes are also held in the National Land Transport Account and carried over to the next year for appropriate allocation.

Land Transport NZ's land transport programme

Expenditure on Land Transport NZ's activities that are included in Land Transport NZ's land transport programme is for the external cost only of those activities. The internal costs have been split out as internal costs and expenses (see output class Promotion, information and education activities).

Operating deficits and surpluses

Several output classes are running operating deficits or surpluses. In many of these cases, Land Transport NZ will seek an adjustment to the Crown appropriation to align with expenditure as part of the 2006 October baseline update. Other reasons and long-term impacts are commented on in the individual output class statements.

Forecast statement of financial performance

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – Annual	158,257	347,425
Crown – National Land Transport Fund	1,461,510	1,780,772
Contract services	49,899	49,956
Third party revenue	90,444	90,129
Total revenue	1,760,110	2,268,282
Expenditure		
Personnel expenses	39,073	45,919
Operating expenses	125,926	132,697
National Land Transport Programme excluding operating costs	1,671,770	2,060,130
Depreciation	5,740	6,743
Capital charge	1,842	1,822
Total expenditure	1,844,351	2,247,311
Net surplus/(deficit) for the period	-84,241	20,971
Transfer to licensing memorandum account	-599	-1,856
Transfer to National Land Transport Account	-92,548	24,913
Surplus/(deficit) from operations	8,906	-2,086

Forecast statement of movements in equity

as at 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Public equity as at 1 July	169,738	83,944
Net surplus/(deficit) for the period	-84,241	20,971
Repayment of surplus to the Crown	-1,553	0
Public equity as at 30 June	83,944	104,915

Forecast statement of financial position

as at 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Assets		
Current assets		
Cash and investments	328,915	361,283
Prepayments	220	220
Inventory	180	180
Crown receivable	39,297	40,000
Debtors and receivables	10,000	10,000
Total current assets	378,612	411,683
Fixed assets	24,954	24,934
Total assets	403,566	436,617
Current liabilities		
Creditors and payables	315,681	327,762
Employee entitlements	3,941	3,940
Total current liabilities	319,622	331,702
Public equity		
General funds	19,075	19,075
Licensing memorandum account balances	3,726	1,870
National land transport account balances	43,624	68,537
Accumulated operating surplus/(deficit)	17,519	15,433
Total public equity	83,944	104,915
Total liabilities and public equity	403,566	436,617

Forecast statement of cash flows

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Cash flows from operating activities		
Cash was provided from:		
> supply of outputs to the Crown	208,156	397,381
> supply of outputs to National Land Transport Programme	1,454,866	1,780,069
> supply of outputs to third parties	95,883	77,175
> interest received	15,752	12,954
Cash was applied to:		
> personnel expenses	-38,840	-45,920
> operating cost of outputs	-1,750,167	-2,180,746
> payment of capital charge to the Crown	-1,842	-1,822
Net cash flows from operating activities	-16,192	39,091
Cash flows from investing activities		
Cash was provided from:		
> sale of fixed assets	20	20
Cash was applied to:		
> purchase of fixed assets	-9,152	-6,743
Net cash flows from investing activities	-9,132	-6,723
Cash flows from financing activities		
Cash was provided from:		
> capital contribution from the Crown	0	0
Cash was applied to:		
> repayment of surplus to the Crown		
> repayment of capital to the Crown		
Net cash flows from financing activities	-1,553	0
Net increase/(decrease) in cash held	-26,877	32,368
Opening cash balances	355,792	328,915
Closing cash balances	328,915	361,283

Comment:

Repayment of surplus to the Crown is the motor vehicle registry and revenue management surplus from the prior year, less interest retained by Land Transport NZ, in accordance with the related funding contract with the Secretary of Transport.

Forecast statement of third party revenue

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Fees and charges		
Over dimension permits	195	227
Rail licensing fees in accordance with regulation 7 of the <i>Transport Services Licensing Regulations 1989</i>	264	1,225
Border inspection fees in accordance with <i>Land Transport Rule: Vehicle Standards Compliance 1998</i>	2,667	2,667
Transport licensing fees in accordance with regulations 6 and 7 of the <i>Transport Services Licensing Regulations 1989</i>	4,095	3,856
Vehicle registration fees in accordance with Regulation 38 of the <i>Transport (Vehicle Standards) Regulations 1990</i> and certificate of fitness levies	4,811	4,700
Certification review fees in accordance with <i>Certification and other fees Amendment Regulations 2002</i>	7,421	7,104
Administration fee from ACC	10,844	11,536
Driver testing fees in accordance with the <i>Land Transport (Driver Licensing and Driver Testing Fees) Regulations 2001</i>	17,231	16,640
Driver licence fees in accordance with the <i>Land Transport (Driver Licensing and Driver Testing Fees) Regulations 2001</i>	25,617	27,417
	73,145	75,372
Other revenue		
Road Safety Trust	80	80
Sale of road safety materials	150	293
Crash Analysis System (IT support)	365	365
Governance (recovery of corporate overhead from the Transport Registry Centre)	225	535
Miscellaneous revenue	327	30
Miscellaneous roading revenue	400	500
	1,547	1,803
Interest	15,752	12,954
Total third party revenue	90,444	90,129

Comment:

Proposed new rail licensing fees are under consultation.

Forecast statement of output expenditure

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Output classes delivered by Land Transport NZ		
Research and performance monitoring	4,795	6,058
Promotion, information and education activities	33,175	33,936
Regulatory implementation and enforcement	21,220	25,405
Licensing activities	44,847	49,176
Management of funding allocation system	11,069	11,668
Motor vehicle registry and revenue management	57,475	60,938
	172,581	187,181
Output classes delivered by approved organisations		
Rail and sea freight	2,000	1,500
Transport demand management and walking and cycling	16,242	18,550
Passenger transport services	173,029	270,920
Regional land transport	65,563	60,960
Auckland land transport	21,000	20,550
Wellington land transport	1,250	12,010
Bay of Plenty land transport	0	55,000
New and improved infrastructure for state highways ⁽¹⁾	721,229	762,470
Maintenance of state highways ⁽²⁾	178,101	173,130
New and improved infrastructure for local roads	318,865	436,360
Maintenance of local roads	174,491	175,990
Management of funding allocation system	0	72,690
	1,671,770	2,060,130
Total expenditure	1,844,351	2,247,311

Note:

(1) Net of Transit property sales revenue

(2) Net of Transit third party revenue

Forecast output class financial performance

For the year ended 30 June (Projected)

	CROWN ANNUAL \$'000	CROWN NATIONAL LAND TRANSPORT FUND \$'000	CONTRACT SERVICES \$'000	THIRD PARTY \$'000	TOTAL REVENUE \$'000	EXPENDITURE \$'000	SURPLUS/ (DEFICIT) \$'000
Output classes							
Research and performance monitoring	0	4,000	0	0	4,000	4,795	-795
Promotion, information and education activities	0	31,676	0	5,554	37,230	33,175	4,055
Regulatory implementation and enforcement	548	1,335	1,013	18,730	21,626	21,220	406
Licensing activities	1,655	444	0	42,149	44,248	44,847	-599
Management of funding allocation system	0	13,287	0	0	13,287	11,069	2,218
Motor vehicle registry and revenue management	0	0	48,886	11,611	60,497	57,475	3,022
National land transport programme	156,054	1,410,768	0	12,400	1,579,222	1,671,770	-92,548
Total	158,257	1,461,510	49,899	90,444	1,760,110	1,844,351	-84,241
Output classes							
Research and performance monitoring	0	4,244	0	0	4,244	6,058	-1,814
Promotion, information and education activities	0	33,826	0	2,077	35,903	33,936	1,967
Regulatory implementation and enforcement	548	1,335	1,013	20,386	23,282	25,405	-2,123
Licensing activities	1,655	0	0	45,665	47,320	49,176	-1,856
Management of funding allocation system	0	11,102	0	0	11,102	11,668	-566
Motor vehicle registry and revenue management	0	444	48,943	12,001	61,388	60,938	450
National Land Transport Programme	345,222	1,729,821	0	10,000	2,085,043	2,060,130	24,913
Total	347,425	1,780,772	49,956	90,129	2,268,282	2,247,311	20,971

Mapping activity class to output class for 2006/07

The National Land Transport Programme is managed by activity classes as detailed below. The second column reflects the reallocation of expenditure to regional and Crown funded output classes. The third column reflects the Transit revenue that is offset against the national land transport programme. Transit revenue reflects funds collected by Transit from property sales that offsets their roading claims. Both adjustments are required to calculate output class expenditure.

ACTIVITY CLASSES	TOTAL ACTIVITY CLASS ALLOCATION \$000	REGION AND CROWN ALLOCATION \$000	TRANSIT REVENUES \$000	TOTAL OUTPUT \$000	OUTPUT CLASSES
Activity classes delivered by approved organisations					
Rail and sea freight	1,500			1,500	Rail and sea freight
Travel demand management, walking and cycling	22,330	-3,780		18,550	Transport demand management and walking and cycling
Passenger transport	301,020	-30,100		270,920	Passenger transport services
Improvement and replacement of state highways	871,780	-94,310	-15,000	762,470	New and improved infrastructure for state highways (1)
Maintenance of state highways	190,130		-17,000	173,130	Maintenance of state highways (2)
Improvement and replacement of local roads	456,350	-19,990		436,360	New and improved infrastructure for local roads
Maintenance of local roads	175,990			175,990	Maintenance of local roads
Administration and project control	73,030	-340		72,690	Management of funding allocation system
		60,960		60,960	Regional land transport
		20,550		20,550	Auckland land transport
		55,000		55,000	Bay of Plenty land transport
		12,010		12,010	Wellington land transport
	2,092,130	0	-32,000	2,060,130	
Activity classes delivered by Land Transport NZ					
Research and performance monitoring	6,058			6,058	Research and performance monitoring
Promotion, information and education activities	33,936			33,936	Promotion, information and education activities
Regulatory implementation and enforcement	25,405			25,405	Regulatory implementation and enforcement
Licensing activities	49,176			49,176	Licensing activities
Management of funding allocation system	11,668			11,668	Management of funding allocation system
Motor vehicle registry and revenue management	60,938			60,938	Motor vehicle registry and revenue management
	187,181			187,181	
Total expenditure	2,279,311	0	-32,000	2,247,311	

Note: (1) Net of Transit property sales revenue (2) Net of Transit third party revenue

10 Statement of forecast service performance

The schedule of forecast service performance is formatted according to the output class structure contained in the 2006/07 *Estimates of appropriations*. As an organisation, we work more directly with activity classes, but as alignment between the two is quite close, this doesn't represent a major problem.

The major difference occurs with respect to regionally distributed funds. The output class structure shows these funds aggregated into regional output classes, whereas data presented by activity class will show these funds allocated into the appropriate activity class (the activity class breakdown shows the destination of the funding rather than the origin).

The strategic policy advice function has been transferred to the Ministry of Transport, so Land Transport NZ has not retained an output class specific to this function. Land Transport NZ will still continue to develop operational policy, but this activity will be captured in other output classes.

Part 1 | Land Transport NZ output classes

Output class | Research and performance monitoring

Description

Under this output class Land Transport NZ will:

- > commission and publish research
- > monitor and report on the performance of the land transport system.

Results sought

Improved formulation and delivery of strategies and programmes through effective and efficient:

- > organisation and publication of research
- > monitoring information on land transport inputs, outputs, impacts and consequences.

Delivery

The research output is contracted out contestably to researchers.

Performance monitoring is delivered directly by Land Transport NZ.

PERFORMANCE MEASURE	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quantity					
Delivery of a land transport statistics report.		New	1	1	1
Delivery of a published research programme with percentage funding allocation (by theme):	New	1	1	1	1
> asset management	40%	30–40%	No change	No change	No change
> natural hazard risk management	1%	1–5%	Decrease	Decrease	Decrease
> safety and personal security	16%	5–15%	No change	No change	No change
> environmental effects	11%	15–20%	No change	No change	No change
> travel behaviour change	8.5%	10–25%	Increase	Increase	Increase
> traffic management	9%	5–15%	No change	No change	No change
> sustainable land transport.	14.5%	10–25%	Increase	Increase	Increase
Delivery of a performance monitoring programme.	1	1	1	1	1
Quality					
Percentage of approved organisations and relevant transport industry representatives that agree that Land Transport NZ's research programme adds value to the land transport industry.	New	≥80%	≥80%	≥80%	≥80%
Percentage of approved organisations and relevant transport industry representatives that agree that performance monitoring adds value to the land transport industry.	New	≥80%	≥80%	≥80%	≥80%
Percentage of research projects completed on time.	New	≥75%	≥75%	≥75%	≥75%

Research and performance monitoring

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	4,000	4,244
Total revenue	4,000	4,244
Expenditure		
Research external	3,000	4,000
Costs and expenses (detail below)	1,795	2,058
Total expenditure	4,795	6,058
Net operating surplus/(deficit)	-795	-1,814
Funding from retained operating surpluses	795	1,814
Net surplus/(deficit)	0	0
Cost and expenses		
Research	400	429
Performance monitoring	1,395	1,629
	1,795	2,058

Comment:

Policy initiatives from the Crown have increased external research by \$1 million.

Output class | Promotion, information and education activities

Description

Under this output class Land Transport NZ will:

- > commission national advertising on land transport related issues
- > commission national promotion of walking and cycling
- > commission nationally managed school road safety education
- > provide funding for the Community Road Safety Programme
- > manage the Crash Analysis System
- > provide information and education for drivers, operators, vehicles, road controlling authorities, and others
- > provide administration services to the Road Safety Trust.

Results sought

Progress towards a safer, more sustainable land transport system through effective and efficient:

- > promotion of land transport sustainability
- > promotion of safe land transport
- > provision of information and advice.

Delivery

The first four outputs are contracted out.

Other outputs are delivered directly by Land Transport NZ.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE/ TARGET 2005/06	ESTIMATE/ TARGET 2006/07	ESTIMATE/ TARGET 2007/08	ESTIMATE/ TARGET 2008/09
Quantity					
Number of contracts for delivery of the Community Road Safety Programme.		150–180	150–180	150–180	150–180
Number of schools participating in the road safety education programme (Roadsense).		1,000	930	(1,000)	(1,000)
Number of publications issued or updated.	132	132	132	132	132
Road safety advertising package – average number of targeted audience rating points (TARPs) purchased.	8,000 TARPs	8,000 TARPs	8,000 TARPs	8,000 TARPs	8,000 TARPs
Quality					
Percentage of Community Road Safety Programme providers who rate Land Transport NZ assistance and advice as good or better in independent surveys against agreed criteria. ⁴	New	≥75%	≥75%	≥75%	≥75%
Percentage of survey respondents who rate publications as useful or better.		≥75%	≥75%	≥75%	≥75%
Total unprompted recall by the target audience of road safety television commercials, tested quarterly and averaged over 12 months.		≥70%	≥70%	≥70%	≥70%
Relevance of road safety television commercials to the target audience, tested quarterly and averaged over 12 months.		≥60%	≥60%	≥60%	≥60%

⁴ Land Transport NZ is reviewing this activity, with a view to devolving direct responsibility to local authorities by 2007/08. If this happens, this output measure will be removed.

Promotion, information and education activities

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	31,676	33,826
Third party revenue	5,554	2,077
Total revenue	37,230	35,903
Expenditure		
Bike wise	1,000	1,000
Roadsense	2,100	2,100
Community Road Safety Programme	6,985	6,985
Advertising	11,082	13,082
Costs and expenses (detail below)	12,008	10,769
Total expenditure	33,175	33,936
Net operating surplus/(deficit)	4,055	1,967
Funding from retained operating surpluses	0	0
Net surplus/(deficit)	4,055	1,967
Cost and expenses		
Road Safety Trust	187	187
Bike wise	330	388
Roadsense	581	580
Community Road Safety Programme	1,690	1,787
Advertising	1,800	1,900
Crash Analysis System	2,269	2,021
Education	5,151	3,906
	12,008	10,769

Output class | Regulatory implementation and enforcement

Description

Under this output class Land Transport NZ will:

- > develop standards and procedures, monitor and audit:
 - vehicle certification and testing
 - transport service operators
 - driver licenses
 - rail operators
 - road networks
- > provide ministerial advice
- > develop land transport rules under contract to the Ministry of Transport.

Results sought

Rules development and compliance monitoring activities contribute positively to safety and sustainability outcomes for land transport.

Delivery

This output class is delivered directly by Land Transport NZ and agents.

PERFORMANCE MEASURE	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quantity					
Delivery of an agreed rules development programme.		New	1	1	1
Delivery of an agreed audit programme covering:		New	1	1	1
> regulatory compliance of rail licence holders and licensed transport operators, eg passenger services (including taxis) and goods services, and					
> agent service delivery (including driver testing, licence administration, and vehicle certification services).					
Quality					
Rules programme will meet the quality and timeliness requirements in the 2006/07 agreement for rules development services.		New	Yes	Yes	Yes
Percentage of audits of regulatory compliance and agent service delivery carried out according to agreed standards.		≥95%	≥95%	≥95%	≥95%
Percentage of driver tests that comply with the Land Transport NZ <i>Driver testing officers manual</i> (as determined by audit).		New	≥95%	≥95%	≥95%
Standard of service supplied by agents providing vehicle certification services as measured via the certification performance indicator (scale 0–3).		New	≥2.5	≥2.5	≥2.5
Reported rail accidents and incidents are addressed in accordance with the <i>Railways Act 2005</i> and Land Transport NZ procedures.		New	100%	100%	100%

Regulatory implementation and enforcement

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – Annual	548	548
Crown – National Land Transport Fund	1,335	1,335
Contract services	1,013	1,013
Third party revenue	18,730	20,386
Total revenue	21,626	23,282
Expenditure		
Ministerial advice	315	308
Rail audit and monitoring	793	971
Driver licence audit and monitoring	1,636	1,487
Rules development	1,810	1,808
Road network audit and monitoring	2,524	3,556
Transport service operator audit and monitoring	2,688	6,892
Vehicle audit and monitoring	11,454	10,383
Total cost and expenses	21,220	25,405
Net operating surplus/(deficit)	406	-2,123
Funding from retained operating surpluses	0	2,123
Net surplus/(deficit)	406	0

Comment:

The deficit for 2006/07 is primarily caused by increased transport service operator audits and monitoring and the development of the operator safety system. New fees are proposed to cover this in future years.

Output class | Licensing activities

Description

Under this output class Land Transport NZ will:

- > commission licensing and testing services for drivers
- > provide licensing services for transport service operators
- > provide licensing services for rail operators
- > maintain the currency and integrity of licence-related data in statutory registers
- > provide accurate, timely and relevant licensing information and advice to members of the public and service delivery agents
- > pay fees to storage providers for unclaimed vehicles impounded by the NZ Police
- > commission drug and alcohol assessments.

Results sought

Progress towards a safer, more sustainable and more secure land transport system through effective and efficient delivery of licensing activities.

Delivery

This output class is delivered directly by Land Transport NZ (or contracted agents).

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Quantity					
Driver licences issued (new, renewals, endorsements, overseas conversions and conversions/upgrades).	684,210	578,000	600,000	600,000	600,000
Transport services licences issued.	387,752	2,500–3,500	2,500–3,500	2,500–3,500	2,500–3,500
Theory, practical and older driver tests.	2,738	387,000	380,000	380,000	380,000
Number of vehicle impoundment payments.	995	4,800–5,000	4,800–5,000	4,800–5,000	4,800–5,000
Number of drug and alcohol assessments.		1,400	1,400	1,400	1,400
	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quality					
Call centre grade of service for driver licensing activities and/or enquires:					
> percentage calls answered within 30 seconds	≥80%	≥80%	≥80%	≥80%	≥80%
> quality assurance of customer service representatives' performance.		New	≥97%	≥97%	≥97%
Customer satisfaction (ie, percentage customers who rate call centre and/or agents' service for driver licensing activities and/or services as good or better) based on independent surveys.	>85%	≥90%	≥90%	≥90%	≥90%

Licensing activities

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – Annual	1,655	1,655
Crown – National Land Transport Fund	444	0
Third party revenue	42,149	45,665
Total revenue	44,248	47,320
Expenditure		
Rail operator licences	186	273
Transport service operator licences	828	1,459
Driver licences and testing	42,917	47,021
Other licensing	916	423
Total costs and expenses	44,847	49,176
Net operating surplus/(deficit)	-599	-1,856
Funding from licensing memorandum account	599	1,856
Net surplus/(deficit)	0	0

Comment:

Crown funding of \$0.444 million for payment to storage providers for unclaimed impounded vehicles is managed under the output class Motor vehicle registry and revenue management from 2006/07. Increases in levels of transport services licensing and driver licensing reflects increased volumes. Changes to the older driver testing requirements will result in a deficit to be funded from the licensing memorandum account.

Output class | Management of funding allocation system

Description

Under this output class Land Transport NZ will:

1. Programme management

- > manage the National Land Transport Account, including the development and administration of:
 - the National Land Transport Programme
 - Land Transport NZ's land transport programme
 - procurement procedures, policies and guidelines
 - funding agreements with approved organisations for the implementation of the National Land Transport Programme
- > audit approved organisations in relation to activities approved by Land Transport NZ, and the operation of the approved organisation's land transport disbursement account.

2. Administration and project control by approved organisations

- > provide funding for administration of land transport activities by Transit and local authorities
- > assist and advise approved organisations with their contribution towards an affordable, integrated, safe, responsive and sustainable land transport system.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient management of the funding allocation system.

Delivery

Output 1 is delivered directly by Land Transport NZ.

Output 2 provides funding to approved organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quantity					
Development and delivery of the National Land Transport Programme (incorporating the Land Transport NZ's Land Transport Programme).		New	1	1	1
Delivery of a performance monitoring audit programme.		New	1	1	1
Quality					
Generally applied funding priority threshold:					
> seriousness and urgency	New	Medium	Medium	Medium	Medium
> effectiveness		Medium	Medium	Medium	Medium
> economic efficiency.		High	High	High	High
Percentage of relevant stakeholders who rate the way in which Land Transport NZ assists and advises stakeholders to formulate proposed activities and procurement procedures as good or better based on independent surveys against agreed criteria.		New	>75%	>75%	>75%
Percentage of relevant stakeholders who rate the way in which Land Transport NZ processes and administers funding applications and procurement procedures as good or better based on independent surveys against agreed criteria.		New	>75%	>75%	>75%
Percentage of relevant stakeholders who rate the way in which Land Transport NZ undertakes its auditing activities as good or better based on independent surveys against agreed criteria.		New	>75%	>75%	>75%
Publication of the National Land Transport Programme for the following financial year no later than 30 June.	Yes	Yes	Yes	Yes	Yes

PERFORMANCE MEASURE CONTINUED	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Percentage of agreements with approved organisations that are in place by 31 July.	New	100%	100%	100%	100%
Efficiency of the National Land Transport Programme as measured by benefit / cost ratio (average for applicable approved activities).	New	>2	>2	>2	>2
Land Transport NZ costs for management of the funding allocation system as a percentage of the total cost of the National Land Transport Programme.	New	<1%	<1%	<1%	<1%

Management of funding allocation system

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	13,287	11,102
Crown – National Land Transport Fund (Included in the National Land Transport Programme)	50,713	57,499
Total revenue	64,000	68,601
Expenditure		
Programme management (Land Transport NZ)	11,069	11,668
Administration and project control (Approved organisations) (included in the National Land Transport Programme)	0	72,690
Total expenditure	11,069	84,358
Net operating surplus/(deficit)	52,931	-15,757
Funding from retained operating surpluses	0	15,757
Net surplus/(deficit)	52,931	0

Comment:

In 2005/06 the administration and project control expenditure was spread across the roading output classes.

Output class | Motor vehicle registry and revenue management

(Ministry of Transport output class delivered by Land Transport NZ)

Description

The provision of an administrative and accounting service for the collection and refund of motor vehicle registration and licensing fees and ACC levies; road user distance/weight and time licences; and fuel excise duty credited to the National Land Transport Fund.

Land Transport NZ is contracted to provide these services under an agreement with the Secretary for Transport.

Results sought

Improved planning, maintenance, management and development of the land transport system through effective and efficient management of the motor vehicle registry and revenue collection.

Delivery

This output class is delivered directly by Land Transport NZ (or contracted agents).

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE/ TARGET 2005/06	ESTIMATE/ TARGET 2006/07	ESTIMATE/ TARGET 2007/08	ESTIMATE/ TARGET 2008/09
Quantity					
Motor vehicle register (MVR) transactions:	New	7,850,000	8,050,000	8,181,000	8,449,000
> MVR licensing compliance (proportion of licensed vehicles in the MVR)		New	≥88.5%	≥88.5%	≥88.5%
> MVR revenue compliance (proportion of vehicles re-licensed within 12 months of licence expiry).		New	≥98.5%	≥98.5%	≥98.5%
Road user charges (RUC) transactions.	New	2,139,000	2,245,000	2,354,000	2,489,000
Quality					
Accuracy of data on the MVR.		New	≥95%	≥95%	≥95%
Identified RUC evasion.	\$11.9m	\$9m	\$6m	\$8m	\$8m
Identified RUC evasion revenue recovered.	New	New	30%	30%	30%
RUC and MVR revenue written off as bad debt.	New	New	\$5m	\$5m	\$5m
Call centre grade of service for MVR and RUC activities and/or enquires:					
> percentage calls answered within 30 seconds	≥80%	≥80%	≥80%	≥80%	≥80%
> Quality assurance of customer service representatives' performance.		New	≥97%	≥97%	≥97%
Customer satisfaction (ie, percentage customers who rate call centre and/or agents' service for MVR and RUC activities and/or services as good or better) based on independent surveys.	>90%	≥90%	≥90%	≥90%	≥90%
Costs per MVR transaction.	New	\$6.11	\$5.51	\$5.41	\$5.37

Motor vehicle registry and revenue management

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	0	444
Contract services	48,886	48,943
Third party revenue	11,611	12,001
Total revenue	60,497	61,388
Costs and expenses	57,475	60,938
Net operating surplus/(deficit)	3,022	450
Funding from retained operating surpluses	0	0
Net surplus/(deficit)	3,022	450

Comment:

This output class is managed under a separate agreement with the Ministry of Transport. Crown funding of \$0.444 million for payment to storage providers for unclaimed impounded vehicles was previously managed under the output class licensing activities. These surpluses reflect third party interest.

Summary of costs and expenses, research and Land Transport NZ Land Transport Programme*

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Summary of costs and expenses		
Research and performance monitoring	1,795	2,058
Promotion, information and education activities	12,008	10,769
Regulatory implementation and enforcement	21,220	25,405
Licensing activities	44,847	49,176
Management of funding allocation system	11,069	11,668
Motor vehicle registry and revenue management	57,475	60,938
	148,414	160,014
Research	3,000	4,000
Land Transport NZ Land Transport Programme		
Bike wise	1,000	1,000
Roadsense	2,100	2,100
Community Road Safety Programme	6,985	6,985
Advertising	11,082	13,082
	21,167	23,167
Total tables	172,581	187,181

* Formerly Authority's Land Transport Programme (ALTP).

Part 2 | National Land Transport Programme output classes

Output class | Rail and sea freight

Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to initiatives that encourage the movement of freight by rail and coastal shipping (including barging) instead of by road.

Results sought

Progress towards a safer, more integrated and sustainable land transport system through effective and efficient use of alternatives to road freight.

Delivery

This output class is delivered directly by approved organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Quantity					
Number of currently funded activities.	New	5	5	(5)	(5)
	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quality					
Forecast efficiency ratio (average for approved new activities).	New	>1	>1	>1	>1

Rail and sea freight

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	2,000	2,000
Total revenue	2,000	2,000
Expenditure		
Net operating surplus/(deficit)	0	500
Funding from National Land Transport Account	0	0
Net surplus/(deficit)	0	500

Output class | Transport demand management and walking and cycling

Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to:

- > initiatives to improve the management and use of land transport networks
- > travel behaviour change initiatives
- > new and improved walking and cycling infrastructure.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient activities that:

- > improve the management and use of land transport networks
- > reduce dependence on private motor vehicles
- > develop new and improved walking and cycling infrastructure.

Delivery

This output class is delivered by approved organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Number of school travel plans funded.	New	100	120	(120)	(120)
Number of work place travel plans funded.	New	40	80	(80)	(80)
Length of new walkway/cycleway funded (km).	New	100	120	(120)	(120)
	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quality					
Forecast benefit/cost ratio (average for approved new activities).	New	>1	>1	>1	>1

Transport demand management and walking and cycling

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	10,042	19,801
Total revenue	10,042	19,801
Expenditure	16,242	18,550
Net operating surplus/(deficit)	-6,200	1,251
Funding from National Land Transport Account	6,200	0
Net surplus/(deficit)	0	1,251

Output class | Passenger transport services

Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to non-commercial road, rail and ferry infrastructure and services.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient activities that increase access to, and use of, passenger transport services.

Delivery

This output class is delivered by regional authorities.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Quantity					
Total boardings on buses (million).	New	92.0	101.0	(increasing)	(increasing)
Total boardings on ferries (million).	New	4.0	4.2	(increasing)	(increasing)
Total boardings on rail (million).	New	15.0	17.0	(increasing)	(increasing)
Total mobility boardings (million).		1.9	1.8	(increasing)	(increasing)
	ACTUAL 2004/05	TARGET 2005/06	TARGET 2006/07	TARGET 2007/08	TARGET 2008/09
Quality					
Percentage of users who rate passenger transport services as good or better by an annual independent survey.	≥75%	≥75%	≥75%	≥75%	≥75%
Percentage of users who rate total mobility services as good or better by an annual independent survey.	New	≥75%	≥75%	≥75%	≥75%
Land Transport NZ subsidy per passenger boarding on buses.	New	\$0.90	\$0.93	(steady)	(steady)
Land Transport NZ subsidy per passenger boarding on ferries.	New	\$0.39	\$0.46	(steady)	(steady)
Land Transport NZ subsidy per passenger boarding on rail.	New	\$2.73	\$2.66	(steady)	(steady)

Passenger transport services

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	189,000	235,753
Total revenue	189,000	235,753
Expenditure	173,029	270,920
Net operating surplus/(deficit)	15,971	-35,167
Funding from National Land Transport Account	0	35,167
Net surplus/(deficit)	15,971	0

Comment:

This deficit reflects the need to seek an adjustment to the Crown appropriation to align with expenditure as part of the October 2006 baseline update and the allocation of previous year's unspent funds.

Output class | Regional land transport

Description

Under this output class Land Transport NZ will allocate funding to regional priority land transport activities.

Delivery

This output class is delivered by approved organisations.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system in each region by contributing effectively and efficiently towards:

- > promotion, information and education
- > new and improved land transport infrastructure and services
- > transport demand management.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Quantity					
Percentage of funds allocated to output classes:	New				
> transport demand management, walking and cycling		10%	10%		
> passenger transport services		26%	26%		
> new and improved state highways		48%	48%		
> new and improved local roads.		16%	16%		
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Regional land transport

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	201,000	205,500
Total revenue	201,000	205,500
Expenditure	65,563	60,960
Net operating surplus/(deficit)	135,437	144,540
Funding from National Land Transport Account	0	0
Net surplus/(deficit)	135,437	144,540

Output class | Auckland land transport

Description

Under this output class, Land Transport NZ will allocate funding to activities that support the increased integration of transport and land use in the Auckland region.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system in Auckland, through effective and efficient activities, with priority given to:

- > improvements to passenger transport services and infrastructure
- > transport demand management
- > improvements to strategic roads.

Delivery

This output class is delivered by approved organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Quantity					
Percentage of funds allocated to output classes:	New				
> transport demand management, walking and cycling					
> passenger transport services		100%	100%		
> new and improved state highways					
> new and improved local roads.					
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Auckland land transport

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – annual	50,667	50,000
Total revenue	50,667	50,000
Expenditure		
Net operating surplus/(deficit)	29,667	29,450
Funding from National Land Transport Account	0	0
Net surplus/(deficit)	29,667	29,450

Comment:

Refer to the National Land Transport Programme publication for details of the actual projects to which funds are allocated.

Output class | Wellington land transport

Description

Under this output class, Land Transport NZ will allocate funding to activities that retain passenger transport mode share, address congestion and improve access to the Wellington region.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system in Wellington, through effective and efficient activities, with priority given to:

- > enhancing passenger transport services and infrastructure and retaining passenger transport mode share
- > transport demand management
- > walking and cycling
- > strategic roads.

Delivery

This output class is delivered by approved organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Quantity					
Percentage of funds allocated to output classes:	New				
> transport demand management, walking and cycling		13%	13%		
> passenger transport services		42%	42%		
> new and improved state highways		30%	30%		
> new and improved local roads.		15%	15%		
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Wellington land transport

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – annual	9,889	15,000
Total revenue	9,889	15,000
Expenditure	1,250	12,010
Net operating surplus/(deficit)	8,639	2,990
Funding from National Land Transport Account	0	0
Net surplus/(deficit)	8,639	2,990

Output class | Bay of Plenty land transport

Description

Under this output class, Land Transport NZ will allocate funding to activities that address strategic transport issues in the Bay of Plenty region.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system in the Bay of Plenty region.

Delivery

This output class is delivered by approved organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE 2005/06	ESTIMATE 2006/07	ESTIMATE 2007/08	ESTIMATE 2008/09
Quantity					
Percentage of funds allocated to output classes:		New			
> transport demand management, walking and cycling					
> passenger transport services					
> new and improved state highways			50%		
> new and improved local roads.			50%		
Quality					
<i>NB – specifics of performance reported within other output classes</i>					

Bay of Plenty land transport

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – annual	0	55,000
Total revenue	0	55,000
Expenditure		
Transport strategy	0	5,000
Tauranga harbour link project	0	50,000
Total expenditure	0	55,000
Net operating surplus/(deficit)	0	0
Funding from National Land Transport Account	0	0
Net surplus/(deficit)	0	0

Comment:

This output class includes initial funding for the construction of a harbour bridge in Tauranga.

Output class | New and improved infrastructure for state highways

Description

Under this capital appropriation Land Transport NZ will allocate funding to state highway capital improvements.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient development of new and improved road infrastructure.

Delivery

This output class is delivered by Transit.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE/ TARGET 2005/06	ESTIMATE/ TARGET 2006/07	ESTIMATE/ TARGET 2007/08	ESTIMATE/ TARGET 2008/09
Quantity					
Delivery of a state highway improvement programme. ⁵		New	1	1	1
Quality					
Cost of new urban roads (\$/m ² of new road).	New	(TBD)	(steady)	(steady)	(steady)
Cost of new rural roads (\$/m ² of new road).	New	(TBD)	(steady)	(steady)	(steady)
Forecast benefit/cost ratio (average for approved activities).	New	≥4	≥4	≥4	

New and improved infrastructure for state highways

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – annual	95,498	225,222
Crown – National Land Transport Fund	318,753	525,255
Third party revenue	12,400	10,000
Total revenue	426,651	760,477
Expenditure	721,229	762,470
Net operating surplus/(deficit)	-294,578	-1,993
Funding from National Land Transport Account	294,578	1,993
Net surplus/(deficit)	0	0

⁵ The details of the approved activities are contained in the National Land Transport Programme published in June 2006.

Output class | Maintenance of state highways

Description

Under this output class Land Transport NZ will allocate funding to the routine and periodic maintenance of state highways.

Results sought

Progress towards a safer, more sustainable land transport system through effective and efficient preservation of roading infrastructure.

Delivery

This output class is delivered by Transit.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE/ TARGET 2005/06	ESTIMATE/ TARGET 2006/07	ESTIMATE/ TARGET 2007/08	ESTIMATE/ TARGET 2008/09
Quantity					
Delivery of a state highway maintenance programme. ⁶		New	1	1	1
Quality					
Cost of routine and periodic maintenance per network-km is within policy parameters set by Land Transport NZ.		New	Yes	Yes	Yes
Cost of routine maintenance per lane-km.	New	(TBD)	(steady)	(steady)	(steady)
Cost of periodic maintenance per lane-km.	New	(TBD)	(steady)	(steady)	(steady)

Maintenance of state highways Projected

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	181,260	197,553
Total revenue	181,260	197,553
Expenditure	178,101	173,130
Net operating surplus/(deficit)	3,159	24,423
Funding from National Land Transport Account	0	0
Net surplus/(deficit)	3,159	24,423

⁶ The details of the approved activities are contained in the National Land Transport Programme published in June 2006.

Output class | New and improved infrastructure for local roads

Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to local roads capital improvements.

Results sought

Progress towards a safer, more integrated, responsive and sustainable land transport system through effective and efficient development of new and improved road infrastructure.

Delivery

This output class is delivered by territorial local authorities and approved public organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE/ TARGET 2005/06	ESTIMATE/ TARGET 2006/07	ESTIMATE/ TARGET 2007/08	ESTIMATE/ TARGET 2008/09
Quantity					
Delivery of a local road improvement programme. ⁷		New	1	1	1
Quality					
Cost of new urban roads (\$/m ² of new road).		New	(steady)	(steady)	(steady)
Cost of new rural roads (\$/m ² of new road).		New	(steady)	(steady)	(steady)
Forecast benefit/cost ratio (average for approved activities).	New	≥4	≥4	≥4	≥4

New and improved infrastructure for local roads

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	295,820	314,549
Total revenue	295,820	314,549
Expenditure	318,865	436,360
Net operating surplus/(deficit)	-23,045	-121,811
Funding from National Land Transport Account	23,045	121,811
Net surplus/(deficit)	0	0

Comment:

These deficits reflect both the need to seek an adjustment to the Crown appropriation to align with expenditure as part of the October 2006 baseline update, and a timing issue where the previous year's unspent funds have now been allocated.

⁷ The details of the approved activities are contained in the National Land Transport Programme published in June 2006.

Output class | Maintenance of local roads

Description

Under this output class Land Transport NZ will allocate funding, together with funding from approved organisations, to the routine and periodic maintenance of local roads infrastructure.

Results sought

Progress towards a safer, more sustainable land transport system through effective and efficient preservation of roading infrastructure.

Delivery

This output class is delivered by territorial local authorities and approved public organisations.

PERFORMANCE MEASURE	ACTUAL 2004/05	ESTIMATE/ TARGET 2005/06	ESTIMATE/ TARGET 2006/07	ESTIMATE/ TARGET 2007/08	ESTIMATE/ TARGET 2008/09
Quantity					
Delivery of a local road maintenance programme. ⁸		New	1	1	1
Quality					
Cost of routine and periodic maintenance per network-km is within policy parameters set by Land Transport NZ.	New	New	Yes	Yes	Yes
Cost of routine maintenance per lane-km.		New	(steady)	(steady)	(steady)
Cost of periodic maintenance per lane-km.		New	(steady)	(steady)	(steady)

Maintenance of local roads

For the year ended 30 June

	2005/06 \$000 PROJECTED	2006/07 \$000 PROJECTED
Revenue		
Crown – National Land Transport Fund	162,180	171,911
Total revenue	162,180	171,911
Expenditure	174,491	175,990
Net operating surplus/(deficit)	-12,311	-4,079
Funding from National Land Transport Account	12,311	4,079
Net surplus/(deficit)	0	0

⁸ The details of the approved activities are contained in the National Land Transport Programme published in June 2006.

11 Additional Crown appropriations for land transport

In December 2003, the government announced additional funds for land transport over a 10-year period. The announcement included a five cent per litre increase in fuel excise duty and an equivalent increase in road user charges for light vehicles, to be distributed regionally on the basis of population (with Auckland receiving 35 percent of the total collected) for 10 years from April 2005.

Since the 2003 decision, the sources of funding available for land transport have increased further. Three new sources of funding are described in this section.

- > Additional Crown contributions to national priorities.
- > Additional Crown contributions to identified regions.
- > Guaranteed funding for a five-year state highway package of works.

The funding from these sources enters the National Land Transport Account, and is allocated by Land Transport NZ to activity classes and activities through the National Land Transport Programme. Land Transport NZ also approves funding for particular activities in response to applications from approved organisations.

The sections below state the way in which the government wishes to see the additional funding allocated.

Additional Crown contributions to national priorities

In the budget announcement in May 2005, the government increased land transport funding by \$100 million per year for three years from 2006/07. The new funding was provided to ensure that the National Land Transport Programme could continue to deliver on forecast allocations to national priority activities.

In August 2005, the government announced an additional one-off \$500 million injection into the National Land Transport Programme to accelerate delivery of some high priority land transport activities.

Additional Crown contribution to the Auckland region

Between 2005/06 and 2014/15, the Crown intends to provide a total additional appropriation of \$900 million (GST exclusive) for improvements to Auckland regional land transport of which \$300 million will be allocated by Land Transport NZ through the National Land Transport Programme and \$600 million will be allocated by government through Vote Finance to improve passenger rail infrastructure.

Land Transport NZ will seek applications for:

- > public transport services and infrastructure
- > transport demand management
- > walking and cycling
- > improving the existing road network.

Additional Crown contributions to the Wellington region

Between 2005/06 and 2014/15, the Crown intends to provide additional appropriations for improvements to Wellington regional land transport as detailed below:

\$65 million (GST exclusive) between 2005/06 and 2014/15 for investment in:

- > infrastructure and services (primarily rail) to maintain passenger transport mode share (this can be used to assist Greater Wellington Regional Council to meet its share of the costs on the condition that the council has agreed to raise additional rates revenue estimated to be \$95 million over 10 years).

\$160 million (GST exclusive) between 2005/06 and 2014/15 for investment in:

- > strategic roads
- > transport demand management
- > enhanced passenger transport to reduce congestion and improve access.

(Land Transport NZ can use some of this amount to contribute to a local authority's share of costs for relevant projects).

\$255 million (GST exclusive) between 2007/08 and 2015/16 for:

- > passenger transport and roading to address congestion, improve safety and improve access reliability on the Western Corridor.

\$405 million (GST exclusive) between 2008/09 and 2015/16 for:

- > state highway construction to advance a long-term solution to address access reliability for SH1 between Wellington and Kapiti.

Additional Crown contribution to the Bay of Plenty region

Between 2006/07 and 2014/15, the Crown intends to provide a total additional appropriation of \$150 million (GST exclusive) for improvements to Bay of Plenty regional land transport.

To address congestion and improve access and safety, Land Transport NZ will seek applications for:

- > strategic roads
- > passenger transport
- > transport demand management
- > walking and cycling.

Additional Crown contribution to the Waikato region

Between 2007/08 and 2014/15, the Crown intends to provide a total additional appropriation of \$215 million (GST exclusive) for improvements to Waikato regional land transport.

To address safety and long-haul arterial performance, urban mobility, and rural access, Land Transport NZ will seek applications for the following types of activities:

- > strategic roads
- > rail
- > passenger transport
- > transport demand management
- > walking and cycling.

Guaranteed five-year state highway package of works

In the 2006 Budget, the government announced changes to the way the state highway construction programme and other land transport programmes are funded through the National Land Transport Programme. Funding allocations are made by Land Transport NZ through the National Land Transport Programme following submission of programmes by Transit and local authorities. A five-year funding guarantee has been given for an agreed programme of state highway construction projects and a five-year revenue guarantee for the remainder of the National Land Transport Programme. These guarantees give Land Transport NZ and Transit greater confidence in their forward planning.

\$862 million (GST exclusive) has been appropriated over five years from 2006/07 in order to guarantee the completion of the agreed programme of state highway construction projects and the reinstatement of the remainder of the National Land Transport Programme.

A further \$425 million (GST exclusive) will be appropriated over five years to accelerate major state highway projects.

A further \$135 million (GST exclusive) will be appropriated to enable full funding of the Tauranga Harbour Link project without tolling.

The table below shows state highway projects listed in the National Land Transport Programme and which are identified by the government as strategic priorities. The government has made available additional funding to ensure that these projects can be completed by 2010/2011.

Large state highway improvements planned for 2006/07 to 2010/11 (additional to the August 2005 forecast).

State highway corridor	Projects
SH1, Awanui to Whangarei	SH1, Bulls gorge realignment *
Auckland southern motorway	SH1, Papakura interchange upgrade Stage 1*
Hawkes Bay expressway	SH50A, Hawkes Bay expressway (Southern) *
SH2, South of Hastings	SH2, Waipukurau overbridge realignment *
SH6 West Coast (South Island)	SH6, Arahura bridge replacement *

* Construction subject to investigation and design being completed as planned.

State highway corridor	Projects
SH1, Cape Reinga	SH1, Waitiki Land to Cape Reinga Stage 2 *
SH1, Awanui to Whangarei	SH1, Akerama curve realignment *
Auckland northern gateway	SH1, ALPURT B2
Auckland North Shore	SH1, Northern busway SH1, Esmonde Road interchange SH1, Ramp signalling SH1, Northcote to Sunnynook auxiliary Lane
Auckland central improvements	SH1, Central motorway junction – Stage 2 SH16, Newton Road to Western Springs auxiliary Lane SH1, Auckland harbour bridge moveable lane barrier SH1, Auckland harbour bridge storm-water upgrade SH1, Newmarket Viaduct to Greenlane Auxiliary Lane* SH16, Punganui bridge replacement *
Auckland western ring route	SH20, Mt Roskill extension SH20, Manukau extension SH18, Greenhithe deviation
Auckland north-western motorway	SH16, Ramp signalling
Auckland southern motorway	SH1, Waiouru connection (Manukau City) SH1, Ramp signalling
Waikato Maramarua expressway	SH2, Mangatawhiri deviation
Hamilton western corridor	SH1, Church to Avalon 4 laning SH1, Avalon Drive bypass
SH1, Hamilton to Taupo	SH1, East Taupo arterial * SH1, Piarere-Oak Tree bend realignment
Tauranga strategic network	Tauranga harbour link Tauranga travel demand management *
SH36, Tauranga to Rotorua	SH36, Pyes Pa bypass
Hawkes Bay expressway	SH50A, Meeanee Road interchange
SH1, Waiouru to Bulls	SH1, Hihitahi bluffs realignment
SH3 New Plymouth to Hawera	SH3, Bell Block bypass
Wellington western corridor	SH1, Mackays overbridge SH1, Centennial Highway median barrier
Wellington Hutt corridor	SH2, Dowse to Petone
Wellington city	SH1, Wellington inner city bypass
SH2 Wairarapa	SH2, Waiohine bridge
SH1 Picton to Kaikoura	SH1, Awatere bridge
SH 60, Richmond to Motueka	SH60, Ruby Bay bypass *
Christchurch city	Christchurch travel demand management
SH1 Oamaru to Dunedin	SH1, Tūmāi – Waikouaiti realignment

* Construction subject to investigation and design being completed as planned.

Appendix 1 Functions of Land Transport NZ

Section 69. Land Transport Management Amendment Act 2004

- (1) The functions of the Authority are:
 - (a) to promote land transport sustainability in New Zealand
 - (b) to prepare and adopt a land transport programme under section 12A and a national land transport programme under section 19
 - (c) to review and revise the National Land Transport Programme in accordance with its most recent performance agreement
 - (d) to approve activities and activity classes
 - (e) to make payments from the National Land Transport Account as authorised by this Act
 - (f) to promote safe transport on land in New Zealand
 - (g) to provide safety information and advice, and to foster appropriate information education programmes that promote its objective
 - (h) to investigate and review accidents and incidents involving transport on land in its capacity as the responsible safety authority, subject to any limitations set out in the Transport Accident Investigation Commission Act 1990
 - (i) to approve procurement procedures under section 25
 - (j) to maintain and preserve records and documents concerning activities within the land transport system, and in particular to maintain the Land Transport Register under the Land Transport Act 1998
 - (k) to audit the performance of approved organisations in relation to activities approved by the Authority and the operation of the organisation's land transport disbursement account
 - (l) to assist and advise approved organisations in relation to the Authority's functions, duties and powers under this Act and the Land Transport Act 1998
 - (m) to fund research, education, and training activities and activity classes
 - (n) to provide the Minister with any advice relating to the Authority's functions that the Minister may request
 - (o) to co-operate with, or to provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister, but only if the Minister and the Authority are satisfied that the performance of the Authority's functions and duties will not be compromised
 - (p) to carry out any other functions relating to land transport that the Minister [directs in accordance with section 112 of the Crown Entities Act 2004].
- (2) The Authority's statutorily independent functions are:
 - (a) to determine whether particular activities should be included in a National Land Transport Programme
 - (b) to approve activities
 - (c) to approve procurement procedures

Appendix 2 Land Transport NZ Board

DR JAN WRIGHT | Chair



Based in Wellington, Jan is an independent policy and economic consultant, working primarily on health, environmental and social policy for a number of government agencies. She has a doctorate in public policy from Harvard University and a Masters degree in Energy and Resources from the University of California. Jan was a member of the inaugural Transit New Zealand Authority from 1989 to 1991 and a past member of the Energy Efficiency and Conservation Authority. She was Chair of Transfund New Zealand and is a member of the Transit and the Accident Compensation Corporation boards.

Board members

PAUL FITZHARRIS | Deputy Chair



Based in Christchurch, Paul retired from the NZ Police in 2001 as an Assistant Commissioner. During the latter part of his career he was Acting Deputy Commissioner and represented the police on the National Road Safety Committee. He is currently a member of the Legal Aid Review Panel and Chair of the Prostitution Law Review Committee.

GERRY TE KAPA COATES



Based in Wellington, Gerry is an independent professional engineer and consultant. He has been active for many years in the Institution of Professional Engineers New Zealand and was President from 2003 to 2004. Gerry is of Ngai Tahu descent and is particularly concerned about sustainability and ethics. He founded the group, Engineers for Social Responsibility, in 1983. He comments widely on technology issues and consults in the fields of forensic engineering, governance and conflict resolution.

Board members continued

BRYAN JACKSON



Based in Waikanae, north of Wellington, Bryan holds a number of directorships in the motor trade, education and transport sectors. He has extensive experience in the transport and automotive industry. Bryan is a professional director and the Chair and Managing Director of Jaclan Investments Limited. He was a member of the Transfund New Zealand Board. Bryan is a Justice of the Peace.

GREG PRESLAND



Based in Auckland, Greg is the principal of Presland and Co., a Waitakere law firm. He practises in a variety of areas but has considerable experience in traffic law and land law. Greg is Deputy Chair of the Film and Censorship Review Board. He has served as a councillor on the Waitakere City Council and has been involved in aspects of Auckland's transport issues.

JANET STEPHENSON



Based in Dunedin, Janet is a planner with 15 years' experience working for local authorities, the Historic Places Trust and as a planning consultant. She currently lectures in planning and coordinates an energy research initiative at the University of Otago and is close to completing her PhD. Janet has a particular interest in sustainability, culture, energy and the environment.

Appendix 3 Policy directions

Regional development

On 9 October 2002, the Minister of Transport gave a Ministerial Direction to Transfund New Zealand on regional development. The direction stated:

Pursuant to Section 3F of the Transit New Zealand Act 1989, and in accordance with the government's regional development land transport policy, I direct Transfund New Zealand to increase the financial assistance rate to 100 percent for the following councils for roads and alternatives to roads projects that are eligible for and are funded from the National road account output: Regional development capital and output: Regional development maintenance:

- > *Far North District Council*
- > *Kaipara District Council*
- > *Whangarei District Council*
- > *Northland Regional Council*
- > *Gisborne District Council*
- > *Wairoa District Council.*

Background

1. On 28 February 2002, the government agreed to the allocation of \$30 million through the National Land Transport Fund, over a 16-month period, for regional development (roading and alternatives to roading). The government decided that its regional development priority was to assist local authorities (and other public bodies) to meet specific needs where regional development and alternatives to roads were constrained by inadequate investment. The government has also agreed that regional development investment will be focused on areas of acute need such as the East Cape and Northland.
2. The councils from Northland and East Cape have informed the government that they cannot fund their contribution for roads and alternatives to roads aimed at regional development.
3. This direction recognises the decisions in (1) above and the Northland and East Cape council's financial situation outlined in (2) above. The government also agreed that, while this direction required Transfund New Zealand (now Land Transport NZ) to provide 100 percent funding for regional development roads and alternatives to roading for the named councils, those councils' overall contribution to land transport investment is to be maintained.

Appendix 4 The funding allocation process

Funding allocation process

The methodology Land Transport NZ uses to allocate funds from the National Land Transport Programme is contained in *Land Transport New Zealand's funding allocation process* document.

The 2006 version sets out the process to:

- > make any amendments to the 2006/07 National Land Transport Programme
- > consider applications for approval of activities in the 2006/07 National Land Transport Programme
- > develop the 2007/08 National Land Transport Programme.

The allocation process has been devised to take into account the *New Zealand Transport Strategy* and the requirements placed on approved organisations⁹ and Land Transport NZ under the *Land Transport Management Act 2003* and its 2004 amendment.

Procurement procedures

When considering any proposal to introduce a new procurement procedure or vary an existing procurement procedure, Land Transport NZ is required to have regard to the matters described in section 25 of the *Land Transport Management Act 2003*.

Land Transport NZ's standard procurement procedures are in the Transfund New Zealand Competitive pricing procedures manual volumes 1 and 2. These procedures are amended from time to time having regard to section 25 of the *Land Transport Management Act 2003*.

Procurement procedure reviews covering both passenger transport and physical works and professional services are underway. The outputs from these reviews will include new manuals of standard procurement procedures. Non-standard procurement procedures are contained in other documents issued by Land Transport NZ periodically.

Land Transport NZ may approve a procurement procedure to cover a particular purchase arrangement where it considers it appropriate in the circumstances.

⁹ Approved organisations are defined in the *Land Transport Management Act 2003* as Transit, regional councils, territorial local authorities and other approved public organisations.

Land Transport New Zealand
Statement of intent
2006–2009



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